

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 21-cv-5450-4

Total Deleted Page(s) = 49

Page 3 ~ b3 - 3; b6 - 2; b7C - 2;

Page 8 ~ b3 - 3; b6 - 1, -2, -4; b7C - 1, -2, -4;

Page 13 ~ Referral/Consult;

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Page 34 ~ Referral/Consult;

Page 35 ~ Referral/Consult;

Page 36 ~ Referral/Consult;

Page 37 ~ Referral/Consult;

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Page 39 ~ Referral/Consult;

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Page 41 ~ Referral/Consult;

Page 42 ~ Referral/Consult;

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Page 56 ~ b3 - 2; b6 - 4; b7C - 4; b7E - 6;

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Page 115 ~ b6 - 3; b7C - 3; b7D - 2; b7E - 6;

Page 116 ~ b6 - 2, -3; b7C - 2, -3; b7D - 2; b7E - 6;

Page 117 ~ b6 - 2, -3; b7C - 2, -3; b7D - 2; b7E - 6;

Page 118 ~ b6 - 2, -3; b7C - 2, -3; b7D - 2; b7E - 6;

Page 119 ~ b6 - 2, -3; b7C - 2, -3; b7D - 2; b7E - 6;

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X No Duplication Fee X

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FEDERAL BUREAU OF INVESTIGATION

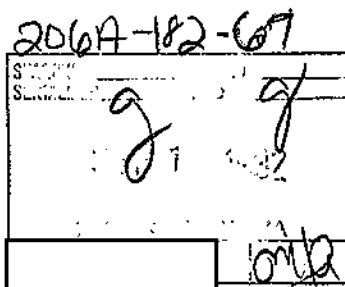
1Date of transcription 9/9/82

A subpoena duces tecum issued by the U. S. District Court, Eastern District of Virginia, was served [redacted]

b3 -3
b6 -2
b7C -2

The subpoena required production of [redacted]

b3 -3

Investigation on 8/23/82

at [redacted]

File # Kansas City 206A-87b6 -1
Alexandria 206A-182b7c -1

b3 -3

by SA [redacted] - ikc

Date dictated 9/7/82

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

FBI(21-cv-5450)-1010

ALL INFORMATION
HEREIN IS UNCLASSIFIED
DATE 7/6/88

b6 -1
b7C -1

GRAND JURY NO. [redacted]
JOHN DOE NO. [redacted]

b3 -3

United States District Court
FOR THE

EASTERN DISTRICT OF VIRGINIA - Alexandria

[redacted]

to [redacted]

b3 -3
b6 -2
b7C -2

You are hereby commanded to appear in the United States District Court for the Eastern District of Virginia [redacted] in the city of Alexandria [redacted] to testify before the Grand Jury and bring with you¹

see attached.

This subpoena is issued on application of the United States.

[redacted]
Assistant United States Attorney
701 Prince Street
Alexandria, VA 22314

b3 -3
b6 -4
b7C -4

W. FARLEY POWERS, JR.

Clerk.

Date [redacted] [redacted]

By Renee H. Buffaloni
Deputy Clerk.

¹Strike the words "and bring with you" unless the subpoena is to require the production of documents or tangible things, in which case the documents and things should be designated in the blank space provided for that purpose.

Received [redacted] and [redacted] I served it on the [redacted] within name [redacted] by delivering a copy to [redacted] and tendering to [redacted] the fee for one day's attendance and the mileage allowed by law.

b3 -3
b6 -2
b7C -2

D. [redacted] B. [redacted]

b3 -3
b6 -1
b7C -1

Service Fees
Travel _____ \$
Services _____
Total _____ \$

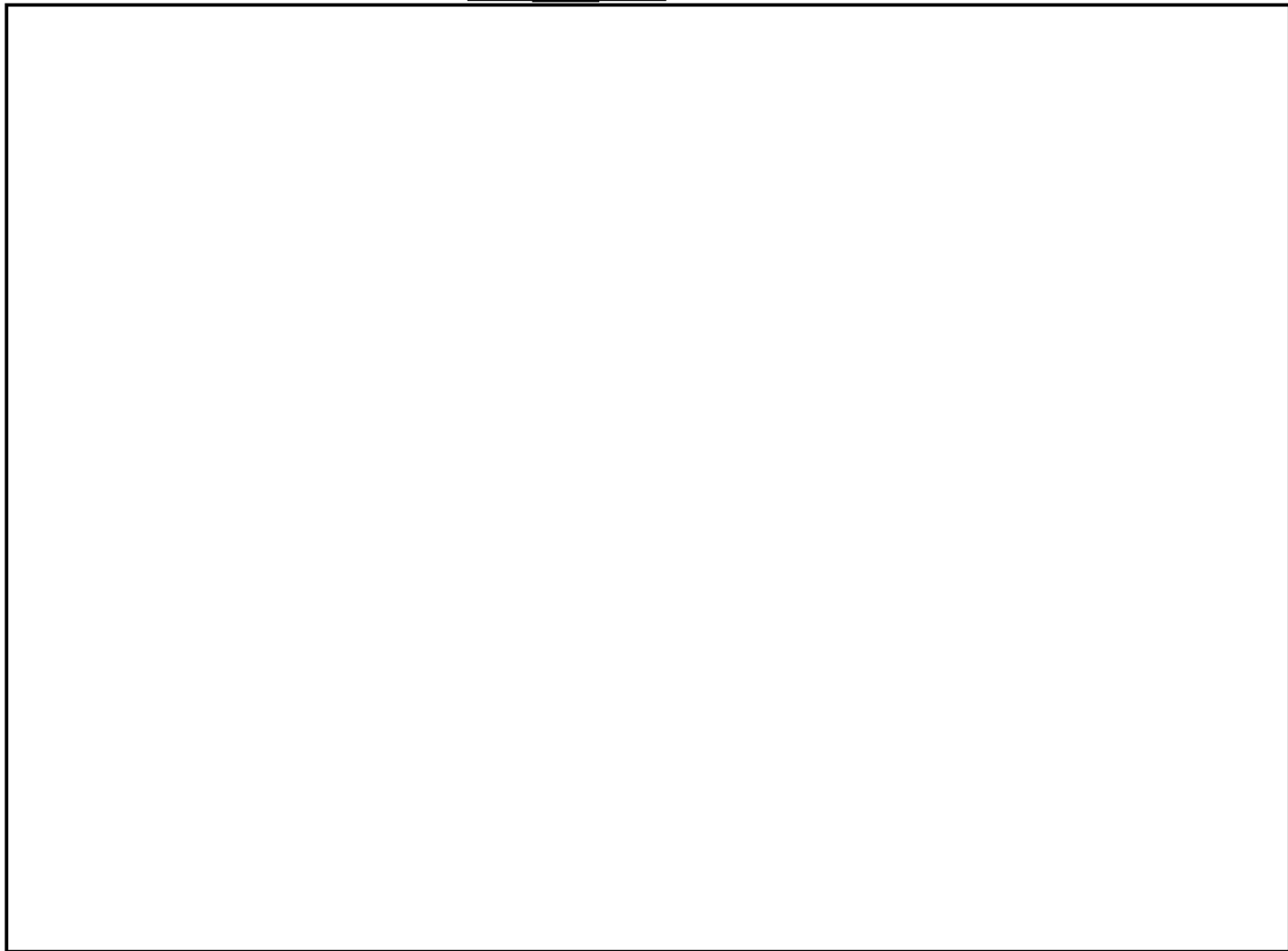
FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 9/9/82

Pursuant to a Federal Grand Jury subpoena issued
[redacted] by the U. S. District Court, Eastern District of
Virginia, [redacted]
[redacted]

b3 -3
b6 -2
b7C -2



b3 -3

Inventory Verified by AT [redacted] 206A-182-68

Investigation on 9/7/82 at [redacted] File # Kansas City 206A-87
Alexandria 206A-182-
by SA [redacted] - ikc Date dictated 9/8/82

b3 -3
b6 -1
b7C -1

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

ALL INFORMATION CONTAINED

HEREIN IS UNCLAS

DATE 7/5/88

FBI(21-cv-5450)-1013

FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 9/9/82

A subpoena duces tecum issued by the U S District Court, Eastern District of Virginia, was served [redacted]

b3 -3
b6 -2
b7C -2

The subpoena required production of [redacted]

b3 -3

1512-83
KAL

ALL INFORMATION
HEREIN IS UNCLAS
DATE 7/6/88

b3 -3
b6 -1
b7C -1

Investigation on 8/23/82

File # Kansas City 206A-87
Alexandria 206A-182-67

by SA [redacted]

- ikc

Date dictated 9/7/82

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 9/9/82

Pursuant to a Federal Grand Jury subpoena issued
by the U. S. District Court, Eastern District of
Virginia,
Internati
provided

b3 -3
b6 -2
b7C -2

b3 -3

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 7/6/88

b3 -3
b6 -1
b7C -1

206A-182-68

Investigation on 9/7/82

at

File #

Kansas City 206A-87
Alexandria 206A-182-

by SA

- ikc

Date dictated

9/8/82

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and its contents are not to be distributed outside your agency.

FBI(21-cv-5450)-1015

FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 9/9/82

Pursuant to a Federal Grand Jury subpoena issued
[redacted] by the U. S. District Court, Eastern District of
Virginia, [redacted]

b3 -3
b6 -2
b7C -2

b3 -3

1515
6-23-82
ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 7/6/88 BY [redacted]

b3 -3
b6 -1
b7C -1

Investigation on 9/7/82

at [redacted]

File # Kansas City 206A-87
Alexandria 206A-182 *lef*

by SA [redacted]

ikc

Date dictated 9/8/82

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

FBI/DOJ

FBI(21-cv-5450)-1016

1515
R27-83

206A-182.70

8	8
[Redacted Box]	

ome

b6 -1
b7C -1

GRAND JURY NO. [redacted]
JOHN DOE NO. [redacted]

United States District Court
FOR THE

EASTERN DISTRICT OF VIRGINIA - Alexandria

[redacted]

to

[redacted]

b3 -3
b6 -4
b7C -4

You are hereby commanded to appear in the United States District Court for the Eastern
District of Virginia at [redacted] in the city of
Alexandria [redacted] to
testify before the Grand Jury and bring with you¹

see attached.

[redacted]

This subpoena is issued on application of the United States.

b3 -3
b6 -4
b7C -4

Assistant United States Attorney
701 Prince Street
Alexandria, VA 22314

W. FARLEY POWERS, JR.

Clerk.

Date [redacted] [redacted]

By

Renée M. Buffaloe
Deputy Clerk.

¹Strike the words "and bring with you" unless the subpoena is to require the production of documents or tangible things, in which case the documents and things should be designated in the blank space provided for that purpose.

RETURN

Received this subpoena at [redacted] on [redacted]
and on [redacted] at [redacted] I served it on the
within named [redacted]
by delivering a copy to [redacted] and tendering² to [redacted] the fee for one day's attendance and the mileage
allowed by law.

Date [redacted], 19 [redacted] By [redacted]

Service Fees _____
Travel _____ \$
Services _____
Total _____ \$

²Fees and mileage need not be tendered to the witness upon service of a subpoena issued in behalf of the United States or an officer or agency thereof. 28 USC 1825, or on behalf of a defendant who is financially unable to pay such costs (Rule 17(b), Federal Rules Criminal Procedure).

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 9/9/82

TO: SAC, ALEXANDRIA (206A-182)(SQ. 4)
 FROM: SAC, KANSAS CITY (206A-87)(SQ. 2) RUC

THOMAS GREGORY CLINES;

EGYPTIAN AMERICAN TRANSPORT AND
 SERVICES CORPORATION (EATS CO)
 FAG-DOD
 FOREIGN CORRUPT PRACTICES ACT
 OO AX

Re Alexandria airtel to Kansas City dated 8/6/82, and
 Kansas City airtel to Alexandria dated 8/25/82.

Enclosed for Alexandria are the following items:

- 1) Original and one copy of FD-302 reflecting service of subpoena.
- 2) Subpoenaed documents.
- 3) [REDACTED]
 [REDACTED] AUSA, Alexandria, Virginia.
- 4) Original and one copy of FD-302 reflecting receipt of subpoenaed documents.

2 Alexandria (Encs. 6)
 1 Kansas City
 KBK:ikc

ALL INFORMATION CONTAINED
 HEREIN IS UNCLAS
 DATE 7/6/88 BY [REDACTED]

206A-182-71
 SEP 8 1982

Approved: RBD/ky

Transmitted (Number)

Per

FBI(21-cv-5450)-1020

b6 -2
 b7C -2

b3 -3
 b6 -2, -4
 b7C -2, -4

b6 -1
 b7C -1

b6 -1
 b7C -1

X AIRTEL

9/9/82

TO: SAC, ALEXANDRIA (206A-182) (SQ. 4)

FROM: SAC, KANSAS CITY (206A-87) (SQ. 2) RUC

THOMAS GREGORY CLINES;

[REDACTED]
EGYPTIAN AMERICAN TRANSPORT AND
SERVICES CORPORATION (EATSCO)
FAG-DOD
FOREIGN CORRUPT PRACTICES ACT
OO AX

b6 -2
b7C -2

Re Alexandria airtel to Kansas City dated 8/6/82, and
Kansas City airtel to Alexandria dated 8/25/82.

Enclosed for Alexandria are the following items:

1) Original and one copy of FD-302 reflecting service
of subpoena.

2) Subpoenaed documents.

3)

[REDACTED] AUSA, Alexandria, Virginia.

b3 -3
b6 -2, -4
b7C -2, -4

4) Original and one copy of FD-302 reflecting receipt
of subpoenaed documents.

2 Alexandria (Encs. 6)
1 Kansas City
KBK:ikc
(3)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 7/6/98 BY [REDACTED]

b6 -1
b7C -1

FBI(21-cv-5450)-1021

FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 9/17/82

Copies of [REDACTED]

[REDACTED]

Special Agent. As instructed by Assistant United States Attorney [REDACTED] these records were transported to a room in the basement of the United States Attorney's Office where they will be inventoried and stored.

b3 -3
b6 -4
b7C -4

b6 -1
b7C -1

ALL INFORMATION CONTAINED
HEREIN IS UNCLAS
DATE 7/6/88 BY [REDACTED]

Investigation on 9/8/82 at Alexandria, Virginia File # Alexandria 206A-182-74

by SA [REDACTED] Date dictated 9/10/82

b6 -1
b7C -1

b6 -1
b7C -1

TRANSMIT VIA: Airtel
CLASSIFICATION: ~~Secret~~

DATE: 9/17/82

✓ FROM: Director, FBI
TO: SAC, Alexandria (206A-182)

THOMAS GREGORY CLINES;
[redacted]
EGYPTIAN AMERICAN TRANSPORT AND
SERVICES CORPORATION (EATSCO);
FAG - DOD; FCPA;
OO: ALEXANDRIA

b6 -2
b7C -2

Enclosed for Alexandria are two (2) copies each of United States Army Intelligence and Security Command letter dated 10/6/81 and memorandum dated 10/5/81, captioned "Operational Data re Egypt." ~~(S)~~ ~~(S)~~ ~~(S)~~

Enclosures were located during recent recheck of Bureau indices regarding subject, [redacted] (U)

It is noted that enclosed memorandum reports alleged personal business dealings on the part of [redacted] and [redacted] with EATSCO, and reports an alleged meeting between Clines, [redacted] and Wilson. ~~(S)~~ ~~(S)~~ ~~(S)~~

b6 -2
b7C -2
b7D -3

Enclosures (2) *11*

5/13/88
Classified by [redacted]
Declassify on [redacted]

b6 -1
b7C -1

~~SECRET~~

~~Classified by G-3~~
~~Declassify on: OADR~~

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED EXCEPT
WHERE SHOWN OTHERWISE.

FOI/PA
APPEAL
CIVIL
E.O.
DATE [redacted]

(S-1) ARMY

ISIS
9-83 AUL

cc to 58-222

20-A-182-77
[redacted]
1982
[redacted]
mya

b6 -1
b7C -1

FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 9/17/82

One sealed envelope containing documents provided to SA John P. Gilbert of the New Orleans FBI Office by [redacted]

[redacted]
by the below-named Special Agent. This sealed envelope was transported by SA [redacted] to a room designated by Assistab³ -3 United States Attorney [redacted] in the baseme^{b6} -1, -2, 4 of the United States Attorney's Office. The contents of tb^{7C} -1, -2, -4 envelope will be kept in this room.

The envelope was opened by SA [redacted] and the contents will be inventoried by [redacted]
[redacted]

b6 -1
b7C -1

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 7/6/88 BY [redacted]

1515
Kw 6-83

Investigation on 8/31/82 at Alexandria, Virginia File # Alexandria 206A-182-78
by SA [redacted] Date dictated 9/10/82

b6 -1
b7C -1

Memorandum



To : SAC, ALEXANDRIA (206A-182)(SQ.4) (P)

Date

9/17/82

From : SA [redacted]

Subject : THOMAS GREGORY CLINES;

b6 -1, -2

b7C -1, -2

[redacted]
EATSCO
FAG-DOD;
FOREIGN CORRUPT PRACTICES ACT
(OO:AX)

The FD-302 reflecting receipt of subpoenaed documents from the New Orleans Division was dictated on 9/10/82, because the case agent was on leave during portions of the week of 8/29 through 9/4/82.

② Alexandria

MJA:sw

(2)

206A-182-79

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 17 1982	
FBI-ALEXANDRIA	

[redacted]

b6 -1

b7C -1

ALL INFORMATION
HEREIN IS UNCLAS
DATE 7/6/88 BY [redacted]

FBI(21-cv-5450)-1060

ISIS
7-83
hwl

SAC, ALEXANDRIA (206A-182)(SQ.4) (P)

9/17/82

SA [REDACTED]

b6 -1, -2
b7C -1, -2

THOMAS GREGORY CLINES;
[REDACTED]

EATSCO
FAG-DOD;
FOREIGN CORRUPT PRACTICES ACT
(OO:AX)

The FD-302 reflecting receipt of subpoenaed documents from the New Orleans Division was dictated on 9/10/82, because the case agent was on leave during portions of the week of 8/29 through 9/4/82.

2-Alexandria

MJA:sw

(2)

206A-182-179

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 17 1982	
FBI-ALEXANDRIA	

ALL INFORMATION
HEREIN IS UNCL
DATE 2/6/88

b6 -1
b7C -1

FBI(21-cv-5450)-1061

Memorandum



To : SAC, ALEXANDRIA (206A-182)(SQ.4) (P) Date 9/17/82

From : SA [redacted]

b6 -1
b7C -1

Subject : THOMAS GREGORY CLINES;
ET AL
FAG-DOD;
FOREIGN CORRUPT PRACTICES ACT
(OO:AX)

On 7/27/82, at 10:30 a.m., Assistant United States Attorney [redacted] told SA [redacted] to compile the following materials for a 10:30 a.m. meeting scheduled for that same day:

b6 -1, -4
b7C -1, -4



b5 -1
b6 -2
b7C -2

2-Alexandria
MJA:sw
(2)
[Signature]

1515 7-83
[Signature]

206A-182-80

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 17 1982	
FBI-ALEXANDRIA	

[Signature]

b6 -1
b7C -1

FBI(21-cv-5450)-1062

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 7/6/88 BY [redacted]

SAC, ALEXANDRIA (206A-182)(SQ.4) (P) 9/17/82

SA

THOMAS GREGORY CLINES;
ET AL
FAG-DOD;
FOREIGN CORRUPT PRACTICES ACT
(OO:AX)

b6 -1, -4
b7C -1, -4

On 7/27/82, at 10:30 a.m., Assistant United States Attorney told SA to compile the following materials for a 10:30 a.m. meeting scheduled for that same day:

b5 -1
b6 -2
b7C -2

[Handwritten signature]
(2) Alexandria
MJA:sw
(2)
[Handwritten signature]

206A-182-80

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 07 1982	
FBI-ALEXANDRIA	

[Handwritten signature]

ALL INFORMATION
HEREIN IS UNCLASSIFIED
DATE 7/6/88

b6 -1
b7C -1

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/21/82

[redacted]
[redacted]
[redacted] telephone number [redacted] or
[redacted] was interviewed at the Alexandria Office of the
Federal Bureau of Investigation. [redacted] provided the
following for the FBI's information:

b3 -2
b6 -4
b7C -4
b7E -6

[redacted]

b3 -2
b6 -4
b7C -4
b7E -6

[redacted]

b3 -2
b7E -6

[redacted]
[redacted]
[redacted]

b3 -2
b6 -4
b7C -4
b7E -6

ALL INFORMATION CONTAINED
HEREIN IS UNCLAS
DATE 5/16/88 BY [redacted]

b6 -1
b7C -1

1515
6-83
Kw

Investigation on 9/8/82 at Alexandria, Virginia File # Alexandria 206A-182

by SA [redacted] MJA:SW Date dictated 9/15/82

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b6 -1
b7C -1

FBI(21-cv-5450)-1064

Memorandum



To : SAC, ALEXANDRIA (206A-182)(SQ.4)(P)

Date 9/22/82

From : SA [redacted]

Subject : THOMAS GREGORY CLINES;

b6 -1, -2
b7C -1, -2

[redacted]
EGYPTIAN AMERICAN TRANSPORT AND
SERVICES CORPORATION (EATSCO)
FAG-DOD;
FOREIGN CORRUPT PRACTICES ACT
(OO:AX)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 7/6/98 BY [redacted]

Captioned investigation requires a thorough understanding of the Foreign Military Sales (FMS) Program and involves a complex financial audit as well as numerous lengthy interviews. This investigation is anticipated to continue for an indefinite future period of at least several months and to involve the acquisition, review, and analysis of voluminous documents and records.

SA [redacted] has been assigned by Supervisor [redacted] to handle aspects of captioned investigation. In order to clarify SA [redacted] assignment, the following specifics are being set forth:

b6 -1
b7C -1

1) Through review of case file, become familiar with information obtained pertaining to each subject.

2) Review files of related cases (i.e., 58-222) and understand the relationship between subjects.

3) Become familiar with the FMS Program through reference to Department of Defense and Department of State manuals.

4) Become familiar with the shipping industry through reference to industry manuals and contact with individuals familiar with the shipping business.

5) Through review of records on hand, obtain an understanding of EATSCO's operations.

②-Alexandria
MJA:sw
(2)

[redacted]
case

L/K
9/23

206A-182-82

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 22 1982	
FBI - ALEXANDRIA	

b6 -1
b7C -1

AX 206A-182

6) Assist in accounting for records (i.e., inventories, preparation of 302's, etc.) already obtained and the acquisition (serving subpoenas, etc.) of additional documents and records as needed. This will require regular contact with AUSA as subpoenas will be required for many of the records.

7) Prepare and/or supervise preparation of analyses for the following EATSCO accounts:

- a) Cash
- b) Cash investments
- c) Loans receivable - officers
- d) Accounts payable - TERSAM, SSI, IRT
- e) Advances - commissions
- f) Loans from officers
- g) Common stock
- h) Expenses

NOTE: Details concerning the work to be done on each of these accounts appear in the audit program (plan) AX 206A-182, serial 33.

8) In case agent's absence.....

a) Supervise accounting technicians and others assigned to assist in investigation.

b) Attend task force and other meetings as necessary.

c) Respond to communication from AUSA, FBIHQ, subjects, and witnesses.

9) Conduct logical interview that result from analyses and investigation of documents and records, and prepare FD-302.

10) Using detailed understanding of case, assist in other interviews and preparations of FD-302's.

11) Keep SA [redacted], SA Thomas Fitzpatrick, and AUSA [redacted] who is assigned this case, advised of developments and progress.

b6 -1, -4
b7C -1, -4

In order to more effectively administer this case, it is requested that a lead card be prepared for SA [redacted]

SAC, ALEXANDRIA (206A-182)(SQ.4)(P)

9/22/82

SA [REDACTED]

b6 -1, -2
b7C -1, -2

THOMAS GREGORY CLINES:

[REDACTED]
EGYPTIAN AMERICAN TRANSPORT AND
SERVICES CORPORATION (EATSCO)
FAG-DOD;
FOREIGN CORRUPT PRACTICES ACT
(OO:AX)

Captioned investigation requires a thorough understanding of the Foreign Military Sales (FMS) Program and involves a complex financial audit as well as numerous lengthy interviews. This investigation is anticipated to continue for an indefinite future period of at least several months and to involve the acquisition, review, and analysis of voluminous documents and records.

SA [REDACTED], has been assigned by Supervisor [REDACTED] to handle aspects of captioned investigation. In order to clarify SA [REDACTED] assignment, the following specifics are being set forth:

b6 -1
b7C -1

- 1) Through review of case file, become familiar with information obtained pertaining to each subject.
- 2) Review files of related cases (i.e., 58-222) and understand the relationship between subjects.
- 3) Become familiar with the FMS Program through reference to Department of Defense and Department of State manuals.
- 4) Become familiar with the shipping industry through reference to industry manuals and contact with individuals familiar with the shipping business.
- 5) Through review of records on hand, obtain an understanding of EATSCO's operations.

2-Alexandria

MJA:sw

(2)

ALL INFORMATION
HEREIN IS UNCL
DATE 7/6/88

206A-182-82

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 22 1982	
FBI-ALEXANDRIA	

b6 -1
b7C -1

FBI(21-cv-5450)-1069

6) Assist in accounting for records (i.e., inventories, preparation of 302's, etc.) already obtained and the acquisition (serving subpoenas, etc.) of additional documents and records as needed. This will require regular contact with AUSA as subpoenas will be required for many of the records.

7) Prepare and/or supervise preparation of analyses for the following EATSCO accounts:

- a) Cash
- b) Cash investments
- c) Loans receivable - officers
- d) Accounts payable - TERSAM, SSI, IRT
- e) Advances - commissions
- f) Loans from officers
- g) Common stock
- h) Expenses

NOTE: Details concerning the work to be done on each of these accounts appear in the audit program (plan) AX 206A-182, serial 33.

8) In case agent's absence....

a) Supervise accounting technicians and others assigned to assist in investigation.

b) Attend task force and other meetings as necessary.

c) Respond to communication from AUSA, FBIHQ, subjects, and witnesses.

9) Conduct logical interview that result from analyses and investigation of documents and records, and prepare FD-302.

10) Using detailed understanding of case, assist in other interviews and preparations of FD-302's.

11) Keep SA [redacted], SA Thomas Fitzpatrick, and AUSA [redacted] who is assigned this case, advised of developments and progress.

b6 -1, -4
b7C -1, -4

In order to more effectively administer this case, it is requested that a lead card be prepared for SA [redacted]



U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

Tampa, Florida
March 30, 1982



FOREIGN CORRUPT PRACTICES ACT OF 1977

On March 29, 1982, [redacted]

[redacted] telephone number [redacted]

[redacted] advised he feels a potential violation of the Foreign Corrupt Practices Act of 1977 has, or is about to occur as pertains to a military artillery systems sale by [redacted]

[redacted] has for approximately one year aggressively negotiated with the Government of Egypt through the Department of Defense and United States Embassy, Cairo, Egypt, to consummate the military artillery systems sale, without success, consisting of:

1. 2,000 copperhead shells at \$80 Million
2. 200 Artillery pieces (Howitzer/Guns) at \$100 Million
3. 25 laser designators at \$2 Million
4. Training support at \$18 Million

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ALL INFORMATION
HEREIN IS UNCLASSIFIED
DATE 7/6/88 BY [redacted]

ENCLOSURE

FBI(21-cv-5450)-1071

AX 206-182-83

205-24-3

SEARCHED.....	INDEXED.....
SERIALIZED.....	FILED.....
JUL 26 1982	
FBI-WFO	

b6 -2
b7C -2

b6 -2
b7C -2

b6 -1
b7C -1
b6 -1
b7C -1

Fitzpatrick [signature]

[redacted] relates this system cost could be twenty-five percent (25%) over or under \$200 Million. [redacted] stated as of approximately February 1, 1982, the Government of Egypt advised it could not afford the artillery system with the approximate cost of \$200 Million.

[redacted] stated, subsequently, [redacted] of MMAC, advised him, an [redacted] Basil International Corporation, retained by MMAC, Orlando, Florida, went to Egypt to discuss the artillery systems sale and within a weekend the Egyptian government decided to purchase the artillery system. [redacted] advised [redacted] concurred with a Basil International Corporation recommendation that [redacted] be given an extra \$20,000 for consultation services.

[redacted] during the past month, personally told [redacted] that he wanted to increase the sales price of the artillery system by thirty percent (30%) and negotiate away fifteen percent (15%) to assure acquisition of the system by Egypt. [redacted] related the sale would involve securing specific Howitzer/Guns in Europe and delivery by private 737 jet. The sale would be through a private United States corporation to the government of Egypt and the sale would be consummated with Swiss francs, rather than U. S. currency, because of consternation between governments and the exchange value of money.

[redacted] cannot understand how Egypt can now afford an artillery system at \$200 Million, plus 30%, when Egypt previously could not afford \$200 Million, unless someone is arranging a kickback or a payoff. [redacted] stated the \$200 Million could be increased 30% easily by adding to cost of training.

MMAC is experiencing financial and production problems and the United States Government is presently looking into cost overruns on five or six MMAC programs; therefore, MMAC needs desperately to effect sales.

[redacted] stated when confronting [redacted] and questioning him concerning the artillery systems sale price and negotiation procedures, [redacted] fired him on February 8, 1982, through [redacted] of MMAC.

[redacted] stated if the sale goes through a corporation other than MMAC, this lends itself to increased potential for influencing a foreign government to purchase the artillery system and could involve a potential \$20 Million payoff, in his opinion.

[redacted] contemplates consummation of the sale in six (6) weeks; however, [redacted] stated he anticipates approximately four (4) months, because approval has to be effected through the Department of Defense, State Department, and the Congress. [redacted] stated [redacted] also [redacted]

[REDACTED]

[REDACTED]

"The FBI will take no further action regarding the allegation unless specifically requested by the United States Department of Justice."

b3 -2
b6 -2
b7C -2
b7E -2



U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

Tampa, Florida
March 30, 1982

Near dupe of previous pages.



FOREIGN CORRUPT PRACTICES ACT OF 1977

b6 -2
b7C -2

On March 29, 1982, [redacted]

[redacted] telephone number [redacted]

b6 -2
b7C -2

[redacted] advised he feels a potential violation of the Foreign Corrupt Practices Act of 1977 has, or is about to occur as pertains to a military artillery systems sale by [redacted]

[redacted] has for approximately one year aggressively negotiated with the Government of Egypt through the Department of Defense and United States Embassy, Cairo, Egypt, to consummate the military artillery systems sale, without success, consisting of:

1. 2,000 copperhead shells at \$80 Million
2. 200 Artillery pieces (Howitzer/Guns) at \$100 Million
3. 25 laser designators at \$2 Million
4. Training support at \$18 Million

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ALL INFORMATION
HEREIN IS UNCLAS
DATE 7/6/88 BY [redacted]

ENCLOSURE

205-24-3

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 26 1982	

[redacted]

b6 -1
b7C -1

FBI(21-cv-5450)-1074

[redacted] relates this system cost could be twenty-five percent (25%) over or under \$200 Million. [redacted] stated as of approximately February 1, 1982, the Government of Egypt advised it could not afford the artillery system with the approximate cost of \$200 Million.

[redacted] stated subsequently, [redacted] of MMAC, advised him an [redacted] Basil International Corporation, retained by MMAC, Orlando, Florida, went to Egypt to discuss the artillery systems sale and within a weekend the Egyptian government decided to purchase the artillery system. [redacted] advised [redacted] concurred with a Basil International Corporation recommendation that [redacted] be given an extra \$20,000 for consultation services.

[redacted] during the past month, personally told [redacted] that he wanted to increase the sales price of the artillery system by thirty percent (30%) and negotiate away fifteen percent (15%) to assure acquisition of the system by Egypt. [redacted] related the sale would involve securing specific Howitzer/Guns in Europe and delivery by private 737 jet. The sale would be through a private United States corporation to the government of Egypt and the sale would be consummated with Swiss francs, rather than U. S. currency, because of consternation between governments and the exchange value of money.

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[redacted] stated if the sale goes through a corporation other than MMAC, this lends itself to increased potential for influencing a foreign government to purchase the artillery system and could involve a potential \$20 Million payoff, in his opinion.

[redacted] contemplates consummation of the sale in six (6) weeks; however, [redacted] stated he anticipates approximately four (4) months, because approval has to be effected through the Department of Defense, State Department, and the Congress.

[redacted] stated [redacted] also [redacted]

b3 -2
b6 -2
b7C -2
b7E -2

[REDACTED]

[REDACTED]

"The FBI will take no further action regarding the allegation unless specifically requested by the United States Department of Justice."

XX AIRTEL

9/23/82

TO: SAC, TAMPA
FROM: SAC, WFO (2065-24) (P) (SQ C-7)
HERTZ MARILTA AEROSPACE CORPORATION
PCPA
(OO:WFO)

Re: Airtel & LHM to Bureau dated 3/30/82 on case
captioned [REDACTED]

b6 -1, -2
b7C -1, -2

[REDACTED] and 9/16/82 telcal between SAs [REDACTED]
[REDACTED] WFO and Tom Fitzpatrick, AX.

Enclosed for the information of Alexandria are two
copies of referenced Tampa LHM dated 3/30/82.

For information of Tampa, Alexandria is currently
investigating allegations against the Egyptian American Transport
and Services Corporation (EATSCO), which has an exclusive contract
to supply any and all munitions sold to Egypt. Alexandria feels
Tampa allegations may, in some way, relate to this investigation.
The principal at EATSCO is [REDACTED] who was formerly a
partner of ex-CIA employee Thomas G. Clines.

b6 -2
b7C -2

On 9/3/82, this matter was discussed with Departmental
Attorney [REDACTED]. She advised that she would like to
have complainant, [REDACTED] re-interviewed to
determine if he can provide any additional substantiation or
documentation concerning his allegations. She also requested
that the current status of the arms sale be determined to
see if the sale did, in fact, go through and receive State
Department approval. [REDACTED] should also be questioned regarding
knowledge he might have of any new developments since he was
last interviewed.

b6 -2, -4
b7C -2, -4

2-Tampa
(2-Alexandria (206A-182) (Enc. 2) (Info)
1-WFO
JPL:kao
(5)

206A-182-84

595
jrf

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 7/16/88 BY [REDACTED]

b6 -1
b7C -1

FBI(21-cv-5450)-1077

WFO 205-24

LEADS

TAMPA DIVISION

AT [REDACTED]

Will interview [REDACTED]

[REDACTED]
[REDACTED] for information as described above. Tampa
is requested to furnish results of investigation both Alexandria
and WFO.

b6 -2

b7C -2

Near dupe of previous pages

XX AIRTEL

9/23/82

TO: SAC, TAMPA

FROM: SAC, WFO (205-24) (P) (SQ C-7)

MARTIN MARIETTA AEROSPACE CORPORATION

ECOA

(OO:WFO)

Re: Pairtel & LHM to Bureau dated 3/30/82 on case captioned [REDACTED]

b6 -1, -2
b7C -1, -2

[REDACTED] and 9/16/82 telcal between SAs James P. Leonard, WFO and Tom Fitzpatrick, AX.

Enclosed for the information of Alexandria are two copies of referenced Tampa LHM dated 3/30/82.

For information of Tampa, Alexandria is currently investigating allegations against the Egyptian American Transport and Services Corporation (EATSCO), which has an exclusive contract to supply any and all munitions sold to Egypt. Alexandria feels Tampa allegations may, in some way, relate to this investigation. The principal at EATSCO is [REDACTED] who was formerly a partner of ex-CIA employee Thomas G. Clines.

b6 -2
b7C -2

On 9/8/82, this matter was discussed with Departmental Attorney [REDACTED]. She advised that she would like to have complainant, [REDACTED] re-interviewed to determine if he can provide any additional substantiation or documentation concerning his allegations. She also requested that the current status of the arms sale be determined to see if the sale did, in fact, go through and receive State Department approval. [REDACTED] should also be questioned regarding knowledge he might have of any new developments since he was last interviewed.

b6 -2, -4
b7C -2, -4

2-Tampa
2-Alexandria (206A-1820) (Enc. 2) (Info)
1-WFO
JPL:koo
(5)

ALL INFORMATION
HEREIN IS UNCLASSIFIED
DATE 7/6/88 BY [REDACTED]

FBI(21-cv-5450)-1079

b6 -1
b7C -1

FITZPATRICK

WFO 205-24

LEADS

TAMPA DIVISION

RE [REDACTED]

1/17/77 [REDACTED]

b6 -2

b7C -2

[REDACTED] For information as described above. Tampa
is requested to furnish results of investigation both Alexandria
and WFO.

VZCZCHQ0171

00 AX

DE HQ #3171 2720011

ZNR UUUUU

0 282302Z SEP 82

FM DIRECTOR FBI

TO FBI ALEXANDRIA IMMEDIATE

BT

UNCLAS

ATTENTION: LIAISON UNIT, INTD

THOMAS GREGORY CLINES; [REDACTED] EGYPTIAN AMERICAN

TRANSPORT AND SERVICES CORPORATION (EATSCO); FAG - DOD.

OO: ALEXANDRIA.

REBUTEL, SEPTEMBER 9, 1982.

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 283-591
DATE 5/13/88 BY SP5Ciloms

[REDACTED] (PROTECT) [REDACTED]

b6 -1
b7C -1

b6 -3
b7C -3
b7D -2

DISSEMINATED TO AUSA [REDACTED]

PER HIS REQUEST 9/30/82 MYA

1515
ME 7-83

Fitzpatrick

FBI(21-cv-5450)-1081

206A-182-85

9-9-82
3

b6 -1, -4
b7C -1, -4

PAGE TWO DE HQ 0171 UNCLAS

HANDLED THE MATTER WAS [REDACTED] THE REQUEST FOR

[REDACTED]
[REDACTED]
[REDACTED] OF

b6 -2
b7C -2
b7D -2

[REDACTED] AT THE TIME OF [REDACTED]

[REDACTED] INDICATES [REDACTED] WOULD
BE INVOLVED IN A WIDE RANGE [REDACTED] INCLUDING

[REDACTED] AND [REDACTED]

[REDACTED] AND

b6 -2
b7C -2
b7D -2

RELATED MATTERS. [REDACTED] AND [REDACTED] THE DOCUMENT

ALSO INDICATES [REDACTED] WOULD HAVE AN [REDACTED]

[REDACTED] WAS ISSUED TO [REDACTED] AND [REDACTED] WAS ISSUED TO

[REDACTED]

[REDACTED] FOR [REDACTED] WAS LISTED AS

[REDACTED] VIA [REDACTED]

b6 -2, -3
b7C -2, -3
b7D -2

[REDACTED]

[REDACTED] WERE LISTED AS [REDACTED]

[REDACTED] AND [REDACTED] THE

b6 -2
b7C -2
b7D -2

ADDRESS OF [REDACTED] WAS SHOWN AS [REDACTED]

PAGE THREE DE HQ 2171 UNCLAS

[REDACTED]

"[REDACTED] WAS FILED WITH THE

[REDACTED] CHANGING [REDACTED]

TO [REDACTED] AND SHOWING [REDACTED] THE

[REDACTED] WHO HANDLED [REDACTED] ALSO HANDLED [REDACTED]

[REDACTED] FROM THE [REDACTED]

[REDACTED] THE [REDACTED] REQUESTED THE FILING OF
THE DOCUMENT SHOWING [REDACTED] AND [REDACTED]

"THE DOCUMENT CONTAINS [REDACTED]

[REDACTED] ADVISING THAT [REDACTED] WAS HELD AT [REDACTED]

[REDACTED], ON [REDACTED] AT THE

[REDACTED] AND [REDACTED] BOTH
OF [REDACTED] WERE [REDACTED]

"THE [REDACTED] :

[REDACTED]

"THE DOCUMENT REPORTING THE [REDACTED] OF THE [REDACTED]

b6 -2, -3
b7C -2, -3
b7D -2

b6 -2
b7C -2
b7D -2

b6 -2
b7C -2
b7D -2

b6 -2, -3
b7C -2, -3
b7D -2

THE [REDACTED] PROVIDED [REDACTED]

WILL BE FORWARDED TO ALEXANDRIA BY AIRTEL.

BT

#0171

NNNN

pc

VZCZ000174

Near dupe to previous pages

OO AX

DE HQ 07171 272011

ZM BUDDO

02526092 SEP 82

FM DIRECTOR FBI

TO FBI ALEXANDRIA IMMEDIATE

BT

UNCLAS

ATTENTION: LIAISON UNIT, INTL

THOMAS GREGORY CLINGS:

[REDACTED]

EGYPTIAN AMERICAN

b6 -1, -2
b7C -1, -2

TRANSPORT AND SERVICES CORPORATION (EATSC); FAG - 0002

COI ALEXANDRIA.

ALL INFORMATION
HEREIN IS UNCLAS
DATE 5/15/02

[REDACTED]

REUTEL, SEPTEMBER 9, 1982

[REDACTED]

b6 -2
b7C -2
b7D -2

[REDACTED]

FBI(21-cv-5450)-1085

206A-182-85

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 8 1982	
FBI - ALEXANDRIA	

PAGE TWO DE HQ 2171 UNCLAS

HANDLED THE MATTER WAS [REDACTED]

THE REQUEST FOR

b6 -2
b7C -2
b7D -2

AT THE TIME OF [REDACTED]

INDICATES [REDACTED]

WOULD

b6 -2
b7C -2
b7D -2

BE INVOLVED IN A WIDE RANGE [REDACTED]

INCLUDING

AND [REDACTED]

AND

RELATED MATTERS [REDACTED]

AND [REDACTED]

THE DOCUMENT

ALSO INDICATES [REDACTED]

WOULD HAVE AN [REDACTED]

[REDACTED] HAS ISSUED TO [REDACTED]

AND [REDACTED]

WAS ISSUED TO [REDACTED]

FOR [REDACTED]

AS LISTED AS

b6 -2, -3
b7C -2, -3
b7D -2

VIA [REDACTED]

WERE LISTED AS [REDACTED]

b6 -2
b7C -2
b7D -2

AND [REDACTED]

THE

ADDRESS OF [REDACTED]

WAS SHOWN AS [REDACTED]

PAGE THREE DE HQ 9171 UNCLAS

EGYPT.

b6 -2, -3
b7C -2, -3
b7D -2

[REDACTED] WAS FILED WITH THE

[REDACTED] CHARGING [REDACTED]

TO [REDACTED] AND SHOWING [REDACTED] THE

[REDACTED] WHO HANDLED [REDACTED] ALSO HANDLED [REDACTED]

[REDACTED] FROM THE [REDACTED]

[REDACTED] THE [REDACTED] REQUESTED THE FILING OF

THE DOCUMENT SHOWING [REDACTED] AND [REDACTED]

"THE DOCUMENT CONTAINS [REDACTED]

b6 -2
b7C -2
b7D -2

[REDACTED] ADVISING THAT [REDACTED] WAS HELD AT [REDACTED]

[REDACTED] ON [REDACTED] AT THE [REDACTED]

[REDACTED] BOTH

OF [REDACTED] WERE [REDACTED]

b6 -2
b7C -2
b7D -2

"THE DOCUMENT REPORTING THE [REDACTED] OF THE [REDACTED]

--

--

✱

b6 -2, -3
b7C -2, -3
b7D -2

#5171

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/9/82*Protect Identity*

[redacted], was interviewed at the Alexandria Office of the Federal Bureau of Investigation, Suite 500, 300 North Lee Street, [redacted] advised as follows:

[redacted]

b6 -3
b7C -3
b7D -2
b7E -6

[redacted]

b6 -3
b7C -3
b7D -2
b7E -6

[redacted]

b6 -3
b7C -3
b7D -2
b7E -6

[redacted]

*1513
6-83 KAC*

Investigation on 9/1/82 at Alexandria, Virginia File # 206A-182 *86*

by SA [redacted] Date dictated 9/2/82 *0182*

b6 -1
b7C -1

FBI(21-cv-5450)-1089

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ALL INFORMATION
HEREIN IS UNCLAS
DATE 5/16/00 BY [redacted]

b6 -1
b7C -1

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/28/82

[redacted], R.G. Hobelmann and Company, Incorporated, 900 First National Bank Building, Light and Redwood Streets, Baltimore, Maryland, [redacted], was interviewed at the Conference Room A in the basement of the United States Attorney's Office, 701 Prince Street, Alexandria, Virginia, on the afternoon of this date. He was accompanied throughout by [redacted] who advised that he is very knowledgeable in the area of maritime law and maritime affairs. (His office is at [redacted])

b6 -2
b7C -2

At the outset, [redacted] was advised of the official identity of the contacting Special Agents and of the nature of the interview.

He thereafter provided the following information:

BACKGROUND:

Full Name: [redacted]
Race: Caucasian
Sex: Male
Date of Birth: [redacted]
Place of Birth: [redacted]

Citizenship: [redacted]

Present Residence: [redacted]

b6 -1, -2, 4
b7C -1, -2, -4

Home Phone [redacted]

Employment: [redacted] R.G. Hobelmann and Company, Incorporated, (Foreign Freight Forwarders and Custom House Brokers), 900 First National Bank Building, Light and Redwood Streets, Baltimore Maryland. (He advised that he has an office at [redacted])

ALL INFORMATION
HEREIN IS UNCLAS
DATE 5/14/88

b6 -1
b7C -1

Investigation on 9/14/82 at Alexandria, Virginia

Alexandria 206A-1824
Alexandria 58-222
Alexandria 58-223

SA Thomas Fitzpatrick

SA [redacted]
by SA [redacted]

TF:ert

Date dictated 9/15/82

b6 -1
b7C -1

AX 206A-182
58-222
58-223

2

Parents: [redacted] and [redacted]
(said his father is a retired

b6 -2
b7C -2

Wife: [redacted]

[redacted] (He advised that this is
.)

Children: [redacted]

b6 -2
b7C -2

Sister: States that he has one sister who resides
[redacted]

Military Service: None (states was exempted as he
was in school or married when in
the eligible zone).

Education: [redacted]

b6 -2
b7C -2

[redacted]
[redacted]
Baltimore, Maryland, where
he had a job waiting for
him at the R.G. Hobelmann
and Company, Incorporated,
where [redacted]

b6 -2
b7C -2

[redacted] was employed.

AX 206A-182
58-222
58-223

3

ASSOCIATION WITH THE R.G. HOBELMANN AND COMPANY, INCORPORATED:

In 1957, he started his employment with this company as [REDACTED], eventually becoming [REDACTED]

He said this company was formed in 1946 at Baltimore, Maryland, as a Foreign Freight Forwarder and Custom House Broker. The founder and president when [REDACTED] joined the company was Rudolph Gustave Hobelmann.

b6 -2
b7C -2

[REDACTED] joined the Hobelmann Company and became [REDACTED].

b6 -2
b7C -2

A key development occurred in 1954, when the Hobelmann Company became involved in the importation of Volkswagen automobiles to the United States. This caused a rapid growth in the company during the late 1950's and early 1960's when the foreign car boom occurred in the United States.

In 1961, the Hobelmann Company acquired a 50% interest in the Schenkers International Forwarders, Incorporated, which was owned by the Schenkers Company in Germany, which is a major freight forwarder. [REDACTED]

b6 -2
b7C -2

[REDACTED] I Incorporated, in New York and [REDACTED] took over as [REDACTED] of Hobelmann shortly thereafter.

Also in 1961, Hobelmann's business was extended to other parts in the United States and this included opening a branch office in Philadelphia, Pennsylvania, and Toledo, Ohio, and later on at Jacksonville, Florida, and Boston, Massachusetts. The Volkswagen account was the major account at that time.

Schenkers International Forwarders, Incorporated, also expanded its operations to Chicago, Illinois, and Houston, Texas, at about that time.

AX 206A-182
58-222
58-223

4

During the 1960's [] said that he obtained the [] with the Hobelmann Company.

In about 1968, [] said that [] Mr. Hobelmann and [] at that time as Mr. Hobelmann was getting close to retirement age and [] was involved virtually full-time in his position with the Schenkers Company in New York City. An agreement was worked out, subsequently, wherein [] of the Hobelmann Company. As time went on, this did not work out too well for [] and he was looking for [] the Hobelmann Company to as a result.

b6 -2
b7C -2

At about 1969, to 1970, the Volkswagen Company was looking for some acquisitions for one of their companies called VICO. They needed to expand and create large profits, and VICO was a public corporation in which Volkswagen had about 45% ownership.

In 1970, VICO bought [] stock in the Hobelmann Company which in essence gave them ownership to the company. He noted that there was some consent still necessary from Mr. Hobelmann and [] in connection with this.

b6 -2
b7C -2

As a result, the Hobelmann Company became a wholly owned subsidiary of VICO. [] mentioned that the 50% interest that Hobelmann had owned in the Schenkers Company had been sold back to Schenkers in 1968.)

As a result of the VICO Company taking ownership of the Hobelmann Company, []

[] For the next six years, expansion of the Hobelmann Company business continued. In this regard, offices were established at Houston, Texas, and Portland, Oregon, and the company was seeking to have some type of an office or operation in every major port of the United States.

b6 -2
b7C -2

AX 206A-182
58-222
58-223

5

[redacted]
Hobelmann [redacted] at that time, VICO was not doing well and [redacted]. On the other hand, the Hobelmann Company was doing quite well. [redacted] said that he had decided not to [redacted] Hobelmann at that time. Concurrent with this, the Volkswagen Company was disappointed with VICO's status and decided that they would liquidate VICO by selling off its assets. As a result, [redacted] said that [redacted], who he hired in 1970, and became [redacted] at Hobelmann, purchased the Hobelmann Company in two parts. These parts were as follows:

b6 -2
b7C -2

1. R.G. Hobelmann and Company, Incorporated, which was the freight operation, air operation and customs brokerage.
2. Hobelmann Port Services (HPS), which was a car servicing operation, which serviced cars being imported.

In connection with this purchase, [redacted] said that two separate transactions were necessary and two separate corporations resulted.

He said the R.G. Hobelmann and Company, Incorporated, thereafter had four owners: as follows:

b6 -2
b7C -2

[redacted]
[redacted]
[redacted]
[redacted]

The second corporation, HPS had five partners as follows:

[redacted]
[redacted]
[redacted]

b6 -2
b7C -2

AX 206A-182

6

58-222

58-223

[redacted]
(He could not recall immediately the name of the fifth partner, who also had a [redacted] interest.)

b6 -2
b7C -2

[redacted] the R.G. Hobelmann Company, Incorporated and [redacted] managed the HPS Corporation. He said both of them were on the boards of both corporations.

He said that in 1981, another sale occurred. At that time all of HPS was sold to a Canadian Company, called Livingston International, which has its headquarters in Tilsonburg, Canada, which is near Detroit, Michigan. Also acquired by Livingston International, owning 100% of the HPS Corporation, was an acquisition of one-third ownership of the R.G. Hobelmann Company, Incorporated. Livingston International was also obligated by the terms of the purchase to buy the other two-thirds ownership of the R.G. Hobelmann and Company, Incorporated, by 1984 in a pre-determined manner.

Livingston International apparently made this purchase as they were looking for acquisitions in the United States in connection with their eventual goal of covering the North American continent with freight forwarding coverage.

In summary, [redacted] advised that at present the R.G. Hobelmann and Company, Incorporated, is one-third owned by Livingston International and two-thirds owned by [redacted]

b6 -2
b7C -2

CORPORATE STRUCTURE:

[redacted] said that the R.G. Hobelmann and Company, Incorporated, Board of Directors presently consists of the following: [redacted] (represents Livingston International interests).

b6 -2
b7C -2

Officers of the R. G. Hobelmann and Company, Incorporated are as follows: [REDACTED]

b6 -2

b7C -2

[REDACTED] said that the CPA firm of Peat, Marwick, Mitchell and Company, handles audits of the Hobelmann Company.

b6 -2

b7C -2

[REDACTED] advised that he presently functions as the [REDACTED] of the R.G. Hobelmann and Company, Incorporated.

SUBSIDIARIES OF THE
R.G. HOBELMANN AND COMPANY, INC.

[REDACTED] advised that the following are four subsidiaries of Hobelmann that are 100% owned by Hobelmann.

b6 -2

b7C -2

1. J. T. Steed and Company, Incorporated
Custom House Brokers and Freight Forwarders
Portland, Oregon
2. J. T. Steed and Company, Incorporated
(a separate company from the above business,
but in the same business.) Located at the
Seattle-Tacoma, Washington area.
3. Gross and Flannelly Company, Freight Forwarders
and Custom House Brokers at Boston, Massachusetts..
4. Air Freight International Incorporated (AFI),
involved in warehousing and in the air freight
business. AFI is a non-vessel operated common
carrier (NVOCC) and a [REDACTED] directs
AFI's operations. [REDACTED] noted that the
R.G. Hobelmann and Company, Incorporated, is
not a NVOCC.

b6 -2

b7C -2

[] estimated that recent yearly net income has been about 2 million dollars for the Hobelmann Company and they have had around 10 million dollars in sales.

b6 -2
b7C -2

[] advised that [] the most knowledgeable individual regarding the Hobelmann Company and all of its subsidiaries.

[]
[] advised that [] is a good friend of his who he initially met at a social function in late 1978 in New York City. This event was a dinner at a public restaurant in the "Soho" of New York City, which was a party to which a 150 persons had been invited by VICO board members. At that event, [] and his wife sat next to [] and his wife and they got to like each other. They saw each other on a few occasions and became good friends.

b6 -2
b7C -2

About six months after this dinner meeting, in about June, 1978, [] called [] and said that he thought he might have some business for [] regarding []

b6 -2
b7C -2
b7D -3

[]
at that time. [] told [] that he would be interested in looking into the matter further.

TOM CLINES

[] said that in connection with his conversation with [] eventually met Tom Clines in about mid-1978. In connection with [] looking into []

b6 -2
b7C -2
b7D -3



b3 -2
b6 -2
b7C -2
b7D -3
b7E -2



b6 -2
b7C -2
b7D -3

[redacted] advised that this was the end of his relationship with Clines for about the next six months. He said he knew that Clines and [redacted] as they both had told him so and were proud of this.

b3 -2
b6 -2
b7C -2
b7E -2

He said that in about June, 1979, Clines called him and indicated that he might have a good business lead for the Hobelmann Company regarding sizable shipments of military goods purchased by Egypt in the United States. He said the name of the company involved in this potential business was the Tersam Company and the controlling person was located at Falls Church, Virginia. Clines asked [redacted] if he would be

b6 -2
b7C -2

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interested in talking to this individual and [] said that he would be.

b6 -2
b7C -2

[] said that he believes that [] was totally out of this deal at this time.

Subsequently, Clines introduced [] to [] of the Tarsam Company at the company's office in Falls Church, Virginia. As a result of that meeting negotiations were started between [] company and [] company and [] was very much interested in background information regarding [] and his family.

b6 -2
b7C -2

On July 12, 1979, [] said that he and [] reached their first agreement and he found out that same day that Clines was now a principal in that deal as vice president of the Egyptian-American Transport and Services Corporation (EATSCO). He said that EATSCO was a new entity that was still in formation stages and prior to that time, the entities he dealt with in connection with the negotiations involved SSI and the Tarsam Company.

b6 -2
b7C -2

A couple days after this first agreement was reached, [] called [] from Cairo, Egypt, and invited [] to come over to Cairo [] business. [] said that he went to Cairo []

[] while there on that trip. He said that he and Clines were in Cairo together on that occasion and that he thinks that the two of them flew from New York City to Cairo together.

b6 -2
b7C -2
b7D -3

On returning to the United States, [] told [] that he wanted to change the contract and so negotiations were started all over again. A second agreement was finally negotiated and signed on October 1, 1979, containing new terms.

He said that negotiations were held in [] office at [] in Washington, D.C., and the negotiations were extensive and lasted about two days.

[] said his first contact with [] was at the EATSCO office and he saw her there on several occasions in connection with working on the agreement [] Clines [] said the second agreement reached was the one that business was conducted under through December, 1981. In January, 1982, EATSCO amended its service agreement with the government of Egypt to change its costs ceiling to 8½%. Based on this change, the agreement between EATSCO and Hobelmann had to be modified to reflect accounting associated with this new percentage.

b6 -2, -4
b7C -2, -4

[] advised that the gross profit and revenue sharing agreement between Hobelmann and EATSCO initially stipulated that EATSCO got 75% and Hobelmann got 25%. This was changed on January 1, 1982, to Hobelmann getting .75% of the value of the commodities shipped. On August 1, 1982, a second change occurred and Hobelmann was to get .6% of the value of the items shipped. (This would include all services including warehousing and packing.) [] said that he understands that these percentages were reached by looking at the experience in operations for the prior two years.

b6 -2
b7C -2

[] said that [] did the negotiating in connection with the agreement between EATSCO and Hobelmann. He said that Clines was present at times during these negotiations.

[] said that he thinks that he met [] on one occasion in 1980 or 1981, which was possibly at a reception at Fort McNair, in Washington, D.C., and this possibly related to a reception given for one of the Egyptian generals. In this regard, he believes that Clines introduced him to [] and [] understood, in connection with

b6 -2, -4
b7C -2, -4

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this introduction, that [] the Pentagon officials concerned with the Foreign Military Sales Program that involved Egypt and EATSCO.

[]
He said he has met [] on one occasion and he thinks this was at a reception at the Egyptian Military Attache's house about a year ago. He believes this Military Attache was General []. He could not recall who introduced him to [], but recalled that it was a small group at that house on that occasion and he understood with this introduction that [] was involved with [].

b6 -2, -4
b7C -2, -4

TED SHACKLEY

[] said that he has had a more extensive relationship with Shackley. He said that he thinks that it was some time in 1980 that Shackley contacted the Hobelmann Company and asked them to do some shipping with him in connection with a company called IRT. As a result, the Hobelmann Company has handled occasional shipments for Shackley and every such shipment has been to Nassau in the Bahamas. This occurred over a two year period and mostly involved the shipping of food stuffs, primarily from New York state. He said there was a shipment for Shackley about once a month or once every other month. He said that nothing was shipped to Mexico or elsewhere for Shackley.

b6 -2
b7C -2

[] said that he understands that IRT changed its name to TGS at a later date and he thinks that Clines was president of IRT at one time.

[] said that he met with Shackley on quite a few occasions in Shackley's office in Rosslyn (Arlington, Virginia). He recalls that one of these meetings had to do with working on a couple of bids for the Corps of Engineers [], but they were unsuccessful in this regard.

b6 -2
b7C -2

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[] said that Shackley has been to [] and he feels that he knows Shackley well and likes him. He said that the last contact was a business related contact about three months ago.

EAST AVIATION

He said that at one time, the Hobalman Company had a 20% interest in East Aviation, but this interest was sold back to EATSCO in January, 1982. [] said that he believes that [] at East Aviation at one time. He said that East Aviation was set up as an airline to carry Egyptian equipment and was planned to hopefully develop to also carry equipment westbound from Europe on a return trip from Egypt. He said discussions were conducted to possibly purchasing an airplane in this regard, but then it was decided instead to get a long term charter of an aircraft instead of purchasing one. Negotiations in this regard were conducted by [] with the Global International Airlines from whom the charter was eventually obtained.

b6 -2
b7C -2

TRAVEL TO EGYPT

[] said that in addition to his initial trip to Cairo at [] invitation, in July, 1979, he made another trip to Egypt in August, 1980. This trip was in connection with assessing whether some large barges which had been abandoned in the Persian Gulf should be purchased. He said that Clines and he went to Abu Dhabi and hired an individual to inspect the barges in this regard. He and Clines stopped in Cairo on the way back, primarily to visit Alexandria, Egypt, to check on whether the barges, if purchased, could be used to travel up the Nile from Alexandria to Cairo. He said there was a severe "bottleneck" in on-loading shipping at the port of Alexandria and they were thinking of buying the barges so that equipment could be loaded onto the barges and then transported to Cairo from Alexandria, thereby saving time. During the studies they made in Egypt, they determined that at one point in the Nile along this route, the river was only four feet deep and since the barges would probably need eight feet, the project was abandoned.

b6 -2
b7C -2

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[redacted]

[redacted]
[redacted] met [redacted] at his office at [redacted] in Washington, D.C. He said that either [redacted] or Tom Clines introduced him to [redacted] and they just had a short chat.

b6 -2
b7C -2

[redacted] said that he still has social contacts with [redacted] Shackley's Company, TGS, in some manner.

SERVICE OF SUBPOENAS

At the conclusion of the interview on this date, SA [redacted] served [redacted] with two Federal Grand Jury subpoenas, [redacted]
[redacted]

(It is noted that this interview commenced at approximately 2:35 p.m., on this date and terminated at approximately 5:35 p.m. In consideration of its being terminated was [redacted] requirement to be at an engagement with some Congressmen at 6:00 p.m.)

b3 -3
b6 -1, -2
b7C -1, -2

FEDERAL BUREAU OF INVESTIGATION

Near dupe to previous pages

Date of transcription 9/28/82

[redacted] R.G. Hobelmann and Company, b6 -2
 Incorporated, 900 First National Bank Building, Light and b7C -2
 Redwood Streets, Baltimore, Maryland, [redacted] was
 interviewed at the Conference Room A in the basement of the
 United States Attorney's Office, 701 Prince Street, Alexandria,
 Virginia, on the afternoon of this date. He was accompanied
 throughout by [redacted] who advised that he
 is very knowledgeable in the area of maritime law and
 maritime affairs. (His office is at [redacted])

At the outset, [redacted] was advised of the official
 identity of the contacting Special Agents and of the nature of
 the interview.

He thereafter provided the following information:

BACKGROUND:

Full Name: [redacted] b6 -1, -2, -4
 Race: Caucasian b7C -1, -2, -4
 Sex: Male
 Date of Birth: [redacted]
 Place of Birth: [redacted]
 Citizenship: [redacted]
 Present Residence: [redacted]
 Home Phone: [redacted]
 Employment: [redacted] R.G. Hobelmann and Company,
 Incorporated, (Foreign Freight Forwarders
 and Custom House Brokers), 900 First
 National Bank Building, Light and Redwood
 Streets, Baltimore Maryland. (He advised
 that he has an office at [redacted])

ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED
 DATE 5/15/83 BY KL 7-83

Investigation on 9/14/82 at Alexandria, Virginia File # Alexandria 206A-182-
Alexandria 58-222
Alexandria 58-223
 by SA Thomas Fitzpatrick
 SA [redacted] TE: srt Date dictated 9/15/82

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Parents: [redacted] and [redacted]
(said his father is a retired

b6 -2
b7C -2

Wife: [redacted]
[redacted] (He advised that this is

Children: [redacted]

b6 -2
b7C -2

Sister: States that he has one sister who resides

Military Service: None (states was exempted as he
was in school or married when in
the eligible zone).

Education:

b6 -2
b7C -2

[redacted]
[redacted]
[redacted] he had a job waiting for
him at the R.G. Hobelmann
and Company, Incorporated,
where [redacted]

[redacted] was employed.

b6 -2
b7C -2

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ASSOCIATION WITH THE R.G. HOBELMANN AND COMPANY, INCORPORATED:

In 1957, he started his employment with this company as [redacted] eventually becoming [redacted]

b6 -2
b7C -2

He said this company was formed in 1946 at Baltimore, Maryland, as a Foreign Freight Forwarder and Custom House Broker. The founder and president when [redacted] joined the company was Rudolph Gustave Hobelmann.

[redacted]
[redacted] joined the Hobelmann Company and became [redacted]

b6 -2
b7C -2

A key development occurred in 1954, when the Hobelmann Company became involved in the importation of Volkswagen automobiles to the United States. This caused a rapid growth in the company during the late 1950's and early 1960's when the foreign car boom occurred in the United States.

In 1961, the Hobelmann Company acquired a 50% interest in the Schenkers International Forwarders, Incorporated, which was owned by the Schenkers Company in Germany, which is a major freight forwarder. [redacted]

b6 -2
b7C -2

[redacted]
Incorporated, in New York and [redacted] took over as manager of Hobelmann shortly thereafter.

Also in 1961, Hobelmann's business was extended to other parts in the United States and this included opening a branch office in Philadelphia, Pennsylvania, and Toledo, Ohio, and later on at Jacksonville, Florida, and Boston, Massachusetts. The Volkswagen account was the major account at that time.

Schenkers International Forwarders, Incorporated, also expanded its operations to Chicago, Illinois, and Houston, Texas, at about that time.

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During the 1960's [redacted] said that he obtained the [redacted] with the Hobelmann Company.

b6 -2
b7C -2

In about 1968, [redacted] said that [redacted] Mr. Hobelmann and [redacted] at that time as Mr. Hobelmann was getting close to retirement age and [redacted] was involved virtually full time in his position with the Schenkers Company in New York City. An agreement was worked out, subsequently, wherein [redacted] of the Hobelmann Company. As time went on, this did not work out too well for [redacted] and he was looking for [redacted] the Hobelmann Company to as a result.

At about 1969 to 1970, the Volkswagen Company was looking for some acquisitions for one of their companies called VICO. They needed to expand and create large profits, and VICO was a public corporation in which Volkswagen had about 45% ownership.

In 1970, VICO bought [redacted] stock in the Hobelmann Company which in essence gave them ownership to the company. He noted that there was some consent still necessary from Mr. Hobelmann and [redacted] in connection with this.

b6 -2
b7C -2

As a result, the Hobelmann Company became a wholly owned subsidiary of VICO. [redacted] mentioned that the 50% interest that Hobelmann had owned in the Schenkers Company had been sold back to Schenkers in 1968.)

As a result of the VICO Company taking ownership of the Hobelmann Company, [redacted]

[redacted] For the next six years, expansion of the Hobelmann Company business continued. In this regard, offices were established at Houston, Texas, and Portland, Oregon, and the company was seeking to have some type of an office or operation in every major part of the United States.

b6 -2
b7C -2

[redacted]
Hobelmann [redacted] at that time VICO was not doing well and [redacted] b6 -2
[redacted] On the other hand, b7C -2
the Hobelmann Company was doing quite well. [redacted] said that
he had decided not to [redacted]
Hobelmann at that time. Concurrent with this, the Volkswagen
Company was disappointed with VICO's status and decided that
they would liquidate VICO by selling off its assets. As a
result, [redacted] said that [redacted] who he hired
in 1970, and became [redacted] at Hobelmann, purchased the
Hobelmann Company in two parts. These parts were as follows:

1. R.G. Hobelmann and Company, Incorporated,
which was the freight operation, air
operation and customs brokerage.
2. Hobelmann Port Services (HPS), which was a car
servicing operation, which serviced cars being
imported.

In connection with this purchase, [redacted] said that
two separate transactions were necessary and two separate
corporations resulted. b6 -2
b7C -2

He said the R.G. Hobelmann and Company, Incorporated,
thereafter had four owners as follows:



The second corporation, HPS had five partners as
follows:



b6 -2
b7C -2

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[REDACTED]

b6 -2
b7C -2

(He could not recall immediately the name of the fifth partner, who also had a [REDACTED] interest.)

[REDACTED] the R.G. Hobelmann Company, Incorporated and [REDACTED] managed the HPS Corporation. He said both of them were on the boards of both corporations.

He said that in 1981, another sale occurred. At that time all of HPS was sold to a Canadian Company, called Livingston International, which has its headquarters in Tilsonburg, Canada, which is near Detroit, Michigan. Also acquired by Livingston International, owning 100% of the HPS Corporation, was an acquisition of one-third ownership of the R.G. Hobelmann Company, Incorporated. Livingston International was also obligated by the terms of the purchase to buy the other two-thirds ownership of the R.G. Hobelmann and Company, Incorporated, by 1984 in a pre-determined manner.

Livingston International apparently made this purchase as they were looking for acquisitions in the United States in connection with their eventual goal of covering the North American continent with freight forwarding coverage.

In summary, [REDACTED] advised that at present the R.G. Hobelmann and Company, Incorporated, is one-third owned by Livingston International and two-thirds owned by [REDACTED]

b6 -2
b7C -2

CORPORATE STRUCTURE:

[REDACTED] said that the R.G. Hobelmann and Company, Incorporated, Board of Directors presently consists of the following: [REDACTED] (represents Livingston International interests).

b6 -2
b7C -2

Officers of the R. G. Hobelmann and Company,
Incorporated are as follows: [REDACTED]

b6 -2
b7C -2

[REDACTED] said that the CPA firm of Peat, Marwick,
Mitchell and Company, handles audits of the Hobelmann
Company.

[REDACTED] advised that he presently functions as
the [REDACTED] of the R.G. Hobelmann and Company,
Incorporated.

b6 -2
b7C -2

SUBSIDIARIES OF THE
R.G. HOBELMANN AND COMPANY, INC.

[REDACTED] advised that the following are four
subsidiaries of Hobelmann that are 100% owned by Hobelmann.

1. J. T. Steed and Company, Incorporated
Custom House Brokers and Freight Forwarders
Portland, Oregon
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business. AFI is a non-vessel operated common
carrier (NVOCC) and [REDACTED] directs
AFI's operations. [REDACTED] noted that the
R.G. Hobelmann and Company, Incorporated, is
not a NVOCC.

b6 -2
b7C -2

[redacted] estimated that recent yearly net income has been about 2 million dollars for the Hobelmann Company and they have had around 10 million dollars in sales.

b6 -2
b7C -2

[redacted] advised that [redacted] the most knowledgeable individual regarding the Hobelmann Company and all of its subsidiaries.

b6 -2
b7C -2

[redacted] advised that [redacted] is a good friend of his who he initially met at a social function in late 1978 in New York City. This event was a dinner at a public restaurant in the "Soho" of New York City, which was a party to which a 150 persons had been invited by VICO board members. At that event, [redacted] and his wife sat next to [redacted] and his wife and they got to like each other. They saw each other on a few occasions and became good friends.

About six months after this dinner meeting, in about June, 1978, [redacted] called [redacted] and said that he thought he might have some business for [redacted] regarding [redacted]

b6 -2
b7C -2
b7D -3

[redacted]
at that time. [redacted] told [redacted] that he would be interested in looking into the matter further.

TOM CLINES

[redacted] said that in connection with his conversation with [redacted] eventually met Tom Clines in about mid-1978. In connection with [redacted] looking into [redacted]

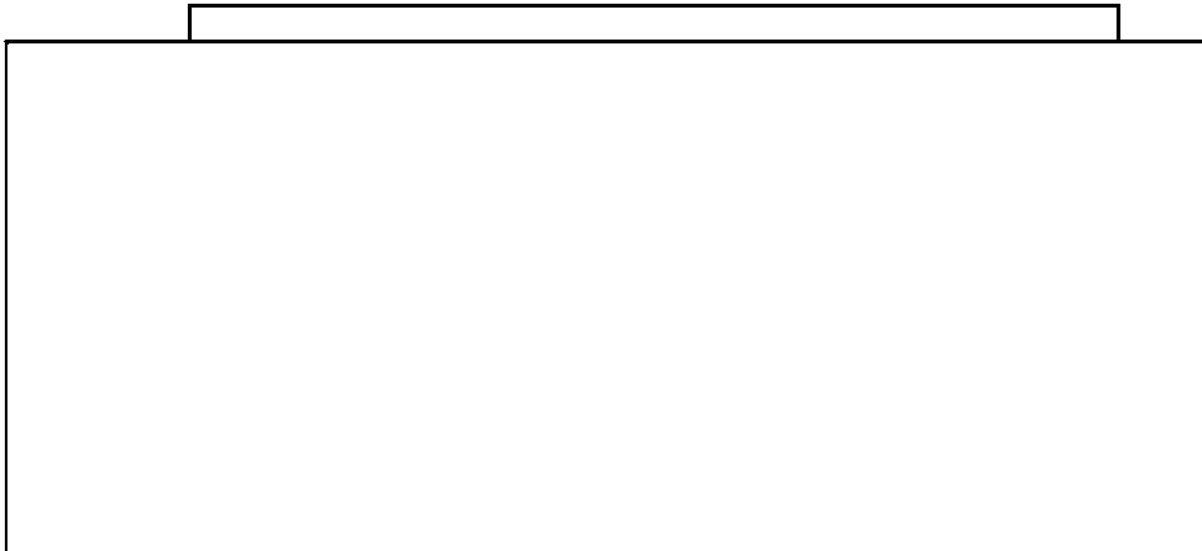
b6 -2
b7C -2
b7D -3

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b3 -2
b6 -2
b7C -2
b7D -3
b7E -2



b6 -2
b7C -2
b7D -3

[redacted] advised that this was the end of his relationship with Clines for about the next six months. He said he knew that Clines and [redacted] as they both had told him so and were proud of this.

b3 -2
b6 -2
b7C -2
b7E -2

He said that in about June, 1979, Clines called him and indicated that he might have a good business lead for the Hobelmann Company regarding sizable shipments of military goods purchased by Egypt in the United States. He said the name of the company involved in this potential business was the Tersam Company and the controlling person was located at Falls Church, Virginia. Clines asked [redacted] if he would be

b6 -2
b7C -2

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10

interested in talking to this individual and [] said that he would be.

b6 -2
b7C -2

[] said that he believes that [] was totally out of this deal at this time.

Subsequently, Clines introduced [] to [] of the Tersam Company at the company's office in Falls Church, Virginia. As a result of that meeting negotiations were started between [] company and [] company and [] was very much interested in background information regarding [] and his family.

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On July 12, 1979, [] said that he and [] reached their first agreement and he found out that same day that Clines was now a principal in that deal as vice president of the Egyptian-American Transport and Services Corporation (EATSCO). He said that EATSCO was a new entity that was still in formation stages and prior to that time, the entities he dealt with in connection with the negotiations involved SSI and the Tersam Company.

b6 -2
b7C -2

A couple days after this first agreement was reached, [] called [] from Cairo, Egypt and invited [] to come over to Cairo [] business. [] said that he went to Cairo []

b6 -2
b7C -2
b7D -3

[] while there on that trip. He said that he and Clines were in Cairo together on that occasion and that he thinks that the two of them flew from New York City to Cairo together.

On returning to the United States, [] told [] that he wanted to change the contract and so negotiations were started all over again. A second agreement was finally negotiated and signed on October 1, 1979, containing new terms.

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He said that negotiations were held in [redacted] office at [redacted] in Washington, D.C., and the negotiations were extensive and lasted about two days.

b6 -2, -4
b7C -2, -4

[redacted] said his first contact with [redacted] was at the EATSCO office and he saw her there on several occasions in connection with working on the agreement [redacted] Clines [redacted] said the second agreement reached was the one that business was conducted under through December, 1981. In January, 1982, EATSCO amended its service agreement with the government of Egypt to change its costs ceiling to 8½%. Based on this change, the agreement between EATSCO and Hobelmann had to be modified to reflect accounting associated with this new percentage.

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b6 -2, -4
b7C -2, -4

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this introduction, that [redacted] the Pentagon officials concerned with the Foreign Military Sales Program that involved Egypt and EATSCO.

b6 -2, -4
b7C -2, -4

[redacted]
He said he has met [redacted] on one occasion and he thinks this was at a reception at the Egyptian Military Attache's house about a year ago. He believes this Military Attache was General [redacted]. He could not recall who introduced him to [redacted] but recalled that it was a small group at that house on that occasion and he understood with this introduction that [redacted] was involved with [redacted]
[redacted]

TED SHACKLEY

[redacted] said that he has had a more extensive relationship with Shackley. He said that he thinks that it was some time in 1980 that Shackley contacted the Hobelmann Company and asked them to do some shipping with him in connection with a company called IRT. As a result, the Hobelmann Company has handled occasional shipments for Shackley and every such shipment has been to Nassau in the Bahamas. This occurred over a two year period and mostly involved the shipping of food stuffs, primarily from New York state. He said there was a shipment for Shackley about once a month or once every other month. He said that nothing was shipped to Mexico or elsewhere for Shackley.

b6 -2
b7C -2

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b6 -2
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[redacted] said that he met with Shackley on quite a few occasions in Shackley's office in Rosslyn (Arlington, Virginia). He recalls that one of these meetings had to do with working on a couple of bids for the Corps of Engineers [redacted] but they were unsuccessful in this regard.

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[] said that Shackley has been to [] and he feels that he knows Shackley well and likes him. He said that the last contact was a business related contact about three months ago.

b6 -2
b7C -2

EAST AVIATION

He said that at one time, the Hobelmann Company had a 20% interest in East Aviation, but this interest was sold back to EATSCO in January, 1982. [] said that he believes that [] at East Aviation at one time. He said that East Aviation was set up as an airline to carry Egyptian equipment and was planned to hopefully develop to also carry equipment westbound from Europe on a return trip from Egypt. He said discussions were conducted to possibly purchasing an airplane in this regard, but then it was decided instead to get a long term charter of an aircraft instead of purchasing one. Negotiations in this regard were conducted by [] with the Global International Airlines from whom the charter was eventually obtained.

TRAVEL TO EGYPT

[] said that in addition to his initial trip to Cairo at [] invitation, in July, 1979, he made another trip to Egypt in ^{August} August, 1980. This trip was in connection with assessing whether some large barges which had been abandoned in the Persian Gulf should be purchased. He said that Clines and he went to Abu Dhabi and hired an individual to inspect the barges in this regard. He and Clines stopped in Cairo on the way back, primarily to visit Alexandria, Egypt, to check on whether the barges, if purchased, could be used to travel up the Nile from Alexandria to Cairo. He said there was a severe "bottleneck" in on-loading shipping at the port of Alexandria and they were thinking of buying the barges so that equipment could be loaded onto the barges and then transported to Cairo from Alexandria, thereby saving time. During the studies they made in Egypt, they determined that at one point in the Nile along this route, the river was only four feet deep and since the barges would probably need eight feet, the project was abandoned.

b6 -2
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AX 206A-182
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14

b6 -2
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[redacted]
[redacted]
[redacted] met [redacted] at his office at [redacted] in Washington, D.C. He said that either [redacted] or Tom Clines introduced him to [redacted] and they just had a short chat.

[redacted] said that he still has social contacts with [redacted] Shackley's Company, TGS, in some manner.

SERVICE OF SUBPOENAS

At the conclusion of the interview on this date, SA [redacted] served [redacted] with two Federal Grand Jury subpoenas, [redacted]
[redacted]

b3 -3
b6 -1, -2
b7C -1, -2

(It is noted that this interview commenced at approximately 2:35 p.m., on this date and terminated at approximately 5:35 p.m. ~~It~~^{Its} consideration of its being terminated was [redacted] requirement to be at an engagement with some Congressmen at 6:00 p.m.)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/9/82*PROTECT IDENTITY*

[redacted], was interviewed at the Alexandria Office of the Federal Bureau of Investigation, Suite 500, 300 North Lee Street, [redacted] advised as follows:

b6 -3
b7C -3
b7D -2
b7E -6

[redacted]

[redacted]

b6 -3
b7C -3
b7D -2
b7E -6

DISSEMINATION

b6 -3, -4
b7C -3, -4
b7D -2
b7E -6

9/1/82

Alexandria, Virginia

206A-182

Investigation on _____ at _____ File # _____

by SA [redacted] SA [redacted] Date dictated 9/2/82

b6 -1
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This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and its contents are not to be distributed outside your agency.

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CLASSIFICATION:

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☐ Routine

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~~SECRET~~

Date 9/29/82

TO: DIRECTOR, FBI
FROM: SAC, ALEXANDRIA

[redacted]
THOMAS GREGORY CLINES;
BRIBERY; CONFLICT OF INTEREST (COI); FOREIGN
CORRUPT PRACTICES ACT (FCPA)
(00:AX)
AXfile: 58-222

b6 -2, -4
b7C -2, -4

[redacted]
THOMAS GREGORY CLINES;
BRIBERY; COI; FCPA
(00:AX)
AXfile: 58-223

~~5/23/00
Classified
Declassify~~

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THOMAS GREGORY CLINES;

[redacted]
EGYPTIAN AMERICAN TRANSPORT AND SERVICES CORPORATION (EATSCO);
FAG-DOD; FCPA
(00:AX)
AXfile: 206A-182

b6 -2
b7C -2

Reference Bureau teletype to Alexandria, 7/29/82,
captioned "WHITE COLLAR CRIME ASPECTS OF THE WILSON/TERPIL
INVESTIGATIONS; BRIBERY/CONFLICT OF INTEREST; FCPA; 00:AX,"
requesting reports in captioned matters by 9/30/82.

3-Bureau
4-Alexandria (2-58-222)
(1-58-223)
(1-206A-182)

TF:vvd
(7)

206A-182-88

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Approved: _____

Transmitted _____
(Number) (Time)

Per [redacted] (Info) [redacted] FBI(21-cv-5450)-1129

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AX 58-222
AX 58-223
AX 206A-182

~~SECRET~~

For information of FBIHQ, Alexandria is presently in the process of preparing an extensive report incorporating pertinent investigation conducted regarding captioned three matters, each of which are interrelated. It is anticipated that this report will be completed and forwarded to reach Bureau by 11/1/82. This report will include overview/synopsis and detailed Table of Contents.

The extensive and complicated nature of these investigations as well as the expeditious pursuing of various leads in each per priority directives from Task Force prosecutive officials, have been among factors necessitating this delay in submitting report. Alexandria notes that pertinent U.S. Department of Justice ^{of Justice} and FBIHQ [redacted] (U) [redacted] as well as Assistant United States Attorney (AUSA) [redacted] Alexandria, Virginia, and [redacted] Washington, D.C., are being kept advised on a regular basis of pertinent developments in these matters. Additionally, copies of all pertinent interviews and results of other investigation conducted have been provided to appropriate FBIHQ [redacted] representatives and AUSA's promptly following their preparation. (U)

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Alexandria will continue to keep the Bureau and pertinent U.S. D. J. Task Force officials advised of pertinent developments in captioned matters, as they occur.

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THE QADDAFI CONNECTION

AD Adm. _____
 AD Inv. _____
 AD LES _____
 Dir. _____
 Asst. Dir. _____
 Adm. Serv. _____
 Ident. _____
 Insp. _____
 Intell. _____
 Lab. _____
 Legal Coun. _____
 Off. Cong. & Public Affs. _____
 Rec. Mgmt. _____
 Tech. Servs. _____
 Training _____
 Liaison Rm. _____
 Dir.'s Sec'y _____

By Seymour M. Hersh

Five years ago, two former operatives of the United States Central Intelligence Agency — Edwin P. Wilson and Frank E. Terpil — made a business deal with Col. Muammar el-Qaddafi, the ruler of Libya. In essence, the former C.I.A. men, who had become partners in an export-import business, agreed to sell Colonel Qaddafi their accumulated years of American intelligence-agency contacts, experience and expertise. Theirs was a product that could not be purchased on the open market. The colonel, who boasts of supporting terrorism in the Middle East, Europe and Africa and who has been attempting to set up his own new federation of Arab and Moslem states, was willing — and able, because of his vast oil wealth — to pay dearly.

As a result, the two Americans, according to Federal investigators, have made millions of dollars aiding Qaddafi in his drive to export terrorism and build his own Middle Eastern power. Under cover of their export-import business, Wilson and Terpil are said to have helped Libya set up a manufacturing plant for the production of assassination weapons; to have themselves helped Qaddafi plan political assassinations; to have recruited dozens of former Green Berets to teach Libyan soldiers and Arab terrorists how to handle volatile explosives — how, for example, to turn ashtrays into weapons of terror; to have illegally shipped arms explosives to Libya with the aid of forged and fraudulent State Department export

Seymour M. Hersh, a former New York Times reporter, is now at work on a book about Henry Kissinger to be published by Summit Books.

certificates, and to have involved other former C.I.A. employees in their projects.

Information about the Qaddafi connection has been known by the Government since the fall of 1976. It was then that Kevin P. Mulcahy, at the time a partner of Wilson and Terpil, approached the C.I.A. and the Federal Bureau of Investigation with grave doubts about the legality and ethics of his company's business dealings with Libya. Mulcahy, a former C.I.A. employee who had spent six months inside the Wilson-Terpil operation, would spend hundreds of hours, over the next few years, providing the Government with firsthand knowledge.

Kevin Mulcahy has now decided to tell his story publicly for the first time. He's tired of waiting for this segment of his life to end. He wants to be listed again in the telephone directory, to hold a driver's license in his own name, to vote, to own property, to stop living as if he — and not Wilson and Terpil — had been indicted for wrongdoing. He feels he is forced now, in effect, to give his testimony in the pages of The New York Times. The essentials of his account have been verified where possible through secret documents and in interviews with key members of the State Department, the Justice Department, the F.B.I., the United States Attorney's office in Washington, as well as with Stansfield Turner, the former head of Central Intelligence, and other high C.I.A. officials.

The Wilson-Terpil case is a story of Americans who meet secretly in bars and board rooms to arrange the illegal sale of electronic-spying equipment and terrorist weapons, and of Americans who train assassins abroad. It is a story of an old-boy network of former C.I.A. operatives and military men, and a story of present and

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The Washington Post _____
 Washington Star-News _____
 Daily News (New York) _____
 The New York Times _____
 The Wall Street Journal _____
 The Chicago Tribune _____
 The Los Angeles Times _____
 The Christian Science Monitor _____

Date 6-14-81

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past C.I.A. leaders who seem unable to face fully the implications of the case. It tells of a basic inability of the Government's investigative and law-enforcement agencies, disrupted by internal jealousies and feuding, to perform effectively. It suggests that a moral climate exists inside and on the edges of the intelligence community which results in the subversion of national goals to personal gain.

Ed Wilson was running what amounted to an updated version of the military-industrial complex in which former C.I.A. and military employees have put their Government experience, contacts and knowledge to use for large personal monetary gain, regardless of the damage they will do to their own country. Such men have worked in league with a number of American manufacturers who have specialized in working for the C.I.A. and other intelligence agencies in supplying military goods and highly classified technical equipment. Questions that should normally be asked — Are the sales officially authorized? Are they legal? Do they jeopardize national security? — are not. Senior Government officials, in recent interviews, acknowledge that American expertise is being transferred abroad in unprecedented fashion. The phenomenon, known in the bureaucracy as "technology transfer," is one apparent result of the declining morale inside the intelligence community and the increasing profits available. These officials say that nations such as Chile, South Korea, Brazil, Argentina, Taiwan, South Africa, Iraq and Pakistan have been able to purchase the very latest American equipment and technology in communications, military arms, computer science and nuclear development — with or without authorization from the United States Government.

The matter was intensively reviewed, at high levels, inside the Carter Administration, with little progress. As yet, the Reagan Administration has not addressed the issue. In early May, the Administration did order the Libyan Government to shut down its offices in Washington, as part of the campaign against international terrorism. But it has not faced the broader problem — the export of American weaponry and expertise to terrorists.

Before the Federal prosecutors brought their indictments in April 1980 in the Wilson-Terpil case, the file was presented to Philip B. Heymann, then Assistant Attorney General for the Criminal Division. Heymann, who is returning this summer to teach at Harvard Law School, recalls: "I was shocked by what I saw in the Wilson matter. The notion that there is no control over an American intelligence offi-

cial taking his know-how and selling it to the highest bidder seems to be insane. If terrorism is to be taken as a major national problem," Heymann says, "we'll have to start at home and draft statutes that would bar the sale of fancy American equipment and fancy American expertise for terrorist purposes. It won't be an easy matter, because it's hard to put a lid on the dissemination of information. But this question is exactly what Congress ought to be holding hearings on."

Federal authorities, in accepting Kevin Mulcahy's story as accurate, acknowledge that its implications are deeply disturbing: Qaddafi obviously has utilized the materials and expertise of Wilson and Terpil in his support of such terrorist groups as the Palestine Liberation Organization, the Red Brigades of Italy, the Red Army of Japan, the Baader-Meinhof gang in Germany and the Irish Republican Army. He is suspected of having ordered the murder of at least 10 political enemies in Europe and the Middle East; two months ago, the F.B.I. arrested Eugene A. Tafoya of New Mexico, a former Green Beret, and accused him of an attempted assassination of a Libyan student at Colorado State University. The Libyan is one of a growing number outside the country who oppose Qaddafi's rule. When arrested, Tafoya, who traveled to Libya three times last year, had Ed Wilson's business card in his possession with telephone and telex listings in Tripoli, London and Washington for one of Wilson's Swiss-based companies. Tafoya's links to Wilson are still being investigated.

Colonel Qaddafi is relentlessly anti-Israel, supports the most extreme factions in Syria and opposes the moderating influences of Jordan's King Hussein and Egypt's Anwar el-Sadat as part of his campaign of political expansion in North Africa. Qaddafi's ambitions were strengthened early this year when he successfully invaded Chad, seizing an area believed to be rich in uranium ore. The war also meant more profit for Wilson, who has established his own trading company in Tripoli, known as Meprico, to supply Qaddafi's army. Libya, relying on its estimated \$25 billion in annual oil revenues, is a major purchaser of Soviet arms, and more than 5,000 Warsaw Pact military advisers are believed to be on duty with Qaddafi's 60,000-man army.

A former high-speed-communications and computer-technology expert in the C.I.A., Kevin Mulcahy was no innocent when he came forward about the way the export-import business had worked. He had gone into business with Wilson and Terpil at a high guaranteed income. Within three months, Mulcahy

realized that his partners were routinely building restricted military and communications gear. He himself offered to sell such sophisticated equipment as second-generation computer systems and coded communications machinery. Mulcahy did not hesitate in his talks with the authorities to acknowledge his own role in questionable activities, which included the sale of embargoed ammunition to South Africa. In all of these dealings, he says, he believed or wanted to believe that Wilson and Terpil were somehow part of a covert C.I.A. operation.

Today, Mulcahy is an angry and frustrated man. He believes his life is in danger, a belief shared by Federal officials, and he is deeply disturbed by what he regards as a monumental lack of resolve, competence and communication within the Federal Government in handling the case. It took nearly four years to indict Wilson and Terpil in Washington, on charges that include illegal export of explosives, failing to register as a foreign agent, and conspiracy and solicitation to commit murder. Despite fugitive warrants, the Government has been unable to apprehend them at a time when their travels in and about Europe, the Middle East, Africa and the United States have been observed by many people. Last winter, more than six months after his indictment, Wilson was seen by a business friend in Blackie's House of Beef, a Washington restaurant, with a group of his former employees; it is not known how he entered the country. Mulcahy, meanwhile, has been forced to lead a life of furtiveness. "I've had five years of indecision, contradiction and waiting for the day that this chapter of my life ends," he says. "The Government keeps telling me, 'We're on top of it; we're on top of it.'" Yet Wilson and Terpil remain at large, and many of their operations, which clearly seem to be working against the interests of their own country and, indeed, world peace, are believed to be continuing at this moment.

Kevin Mulcahy, now 38, grew up vintage Americana in suburban Washington: altar boy, Eagle Scout, varsity basketball, class vice president. He was a son of Donald V. Mulcahy, a 28-year-career senior official of the C.I.A., four of whose six children were also employed by the agency. Kevin, the oldest child, began working full-time for the C.I.A. in 1963, after serving as an airborne radio operator in the Navy. He became a communications and expert and worked on highly classified programs that he will not talk about today. In 1968, he resigned

from the agency to take a position in the electronics industry. There followed a succession of increasingly responsible jobs in the computer industry, a serious drinking problem that drove him into Alcoholics Anonymous, and a painful divorce.

By the fall of 1974, Mulcahy had come to grips with his alcoholism and, having left the computer industry, began working in Virginia as a counselor in a drug- and alcohol-treatment center. By 1975, he was trying to set up a series of halfway houses and was scrambling for Federal grants. Mulcahy rented a house by chance from a Barbara Wilson — Edwin P. Wilson's wife. Mulcahy became friendly with her and eventually was invited to dinner at the Wilsons' newly purchased, luxurious 1,500-acre farm in Upperville, Va. Ed Wilson, now 52, was well known inside the C.I.A. as a skilled and trustworthy operative. Wilson, who began his export-import business in the early 1970's while working as a consultant for a top-secret Navy intelligence unit, had played a role in the Bay of Pigs and other undercover operations in his long C.I.A. career as a contract agent. Mulcahy was impressed.

Over dinner, Wilson made it clear that he knew pretty much all there was to know about Kevin Mulcahy, about his former employment with the C.I.A. and his current work with teen-agers. A few months later, Wilson made an offer Mulcahy would not refuse: If Mulcahy would join his arms-sales business in Washington and remain for one year, he could then have as a bonus a nine-bedroom farmhouse Wilson also owned and use it as a halfway house for troubled youths. Mulcahy's guaranteed \$50,000 annual income would be supplemented by commissions and expenses. "I had no suspicions at all about the job," Mulcahy recalls, and he began working hard. "I was putting in 18 hours a day at first, dealing with 10,000 suppliers and inquiries about canned food, parachutes — any kind of equipment, from machine guns to aircraft. There was no reason for suspicion in those weeks." Most of the business was aboveboard and involved the sale of highly technical equipment. Mulcahy was responsible for arranging export licenses, international letters of credit and shipping, and also for determining which manufacturers' equipment would meet the specifications of the order.

Mulcahy obviously passed muster. In the early spring of 1976, Wilson walked him to another office a few blocks away, in downtown Washington, and introduced him to Frank Terpil, now 41. Terpil had served about seven years as a communications technician for the C.I.A. but was forced to resign in 1971 after a series of embarrassing private escapades, including an attempt to smuggle contraband liquor into India. Unlike Wilson, who mingled easily and

effortlessly with senior C.I.A. officials, corporate executives and important members of Congress, the Brooklyn-born Terpil was a street operator who had been arrested twice for illegal trafficking in arms. Mulcahy knew nothing about Terpil except that he had worked overseas for the C.I.A.

The three men agreed to set up a new company, to be known as Inter-Technology Inc., for the specific purpose of selling high-speed communications gear and computers to foreign countries. The equipment was legally purchased from American companies. Each man was to be a one-third partner of Inter-Technology, which, it turns out, was one of scores of Wilson-Terpil companies scattered in corporate records throughout the United States and Europe.

If Mulcahy had any doubts about his new job, he suppressed them by believing — or wanting to believe — that Ed Wilson was still linked to the C.I.A. "Ed would parade his contacts in the C.I.A. with the people he was doing business with to impress them that he was still C.I.A.," Mulcahy says. "He would suggest he was still under deep cover." Often on Friday nights, Wilson made it a point to go drinking at bars in suburban Virginia known to be after-hours hangouts for C.I.A. officials on duty at the agency's headquarters in McLean. Mulcahy, the new partner, began going along. "I thought he was agency," Mulcahy says of Wilson. "I had no question in my mind."

A few days after the new partnership was formed, Mulcahy discovered sales orders showing that Wilson and Terpil were in the process of selling machine guns and silencers to an arms dealer in Zambia. He was bothered by the sale of the silencers for he knew they had only one purpose — killing without drawing attention to the killer. He telephoned the F.B.I. and later showed copies of the sales orders to agents in the Bureau of Alcohol, Tobacco and Firearms (B.A.T.F.), one of whose functions it is to monitor illegal arms deals and report on impending sales. He also asked about his new partners. The authorities said that the sale to Zambia was legal and that they had no derogatory information about Wilson and Terpil in their files. "I said to myself, 'Christ, this has got to be an agency operation,'" Mulcahy recalls. "These guys are buying and selling silencers, and the F.B.I. and B.A.T.F. give them the O.K. So I'm feeling pretty good: I'd gone to the Federal authorities, shown them documents and they said Wilson and Terpil were clean."

□

Wilson's contacts seemed inexhaustible. Ed Wilson was friendly, as Mulcahy and Federal investigators were later to learn, with many senior legislators, including Senators Strom Thurmond of South Carolina and the late John L. McClellan of Arkansas and Representative Silvio O. Conte of Mas-

sachusetts. He could telephone a contact in the Internal Revenue Service and within 15 minutes have intimate financial details on a potential customer. He was able, with a telephone call to Washington's police headquarters, to obtain registration information on a local automobile license plate. But sometime in late May of 1976, Wilson went a step further: He telephoned Theodore G. Shackley, a prominent C.I.A. official who was then serving as the assistant to the deputy director for clandestine operations — one of the most powerful posts in the agency. Shackley was renowned for his toughness and efficiency as a station chief in Laos and in South Vietnam during the height of the Vietnam War, when the C.I.A. was deeply involved in its still controversial Phoenix assassination program. He later served in Chile, when the C.I.A. was assigned the task of interfering with the Government of Salvador Allende Gossens.

Wilson arranged a meeting at Shackley's home a few nights later after work, bringing along Mulcahy and an American, Harry Rastatter, one of Terpil's business associates who had just returned from a business trip to Egypt, Turkey and Iran. Rastatter had obtained some information from Savak, the Iranian internal police, and was willing to pass it along to the C.I.A. Shackley was introduced by Wilson to Mulcahy and recalled knowing his father, who earned the National Intelligence Medal, the agency's highest reward, before retirement. There was talk about military and intelligence needs in Iran, Turkey and Libya. Wilson told Shackley that he and Terpil were planning to travel to Tripoli and meet with Qaddafi. "By now I'm convinced that the whole thing is an agency front," Mulcahy recalls. "I thought Ed was in bed with the C.I.A." Some Federal officials say they are still investigating Shackley's personal and financial involvement with Wilson. Shackley has acknowledged to Federal authorities that the meeting described by Mulcahy as well as other meetings with Wilson did take place, but Shackley insisted that at no time did Wilson receive any authority or sanction from the C.I.A. for his work in Libya. He said his contacts with Wilson were solely for the purpose of obtaining any stray bits of intelligence Wilson might have picked up. Wilson and Shackley had worked to-

gether in 1960 on the Bay of Pigs operation. Shackley, in an interview, confirmed Mulcahy's account of the meeting and said that he, like Mulcahy, was unaware then of Wilson's plans for supporting Qaddafi's terrorist program. Shackley said his purpose in talking to Wilson and Rastatter was to collect information from non-C.I.A. sources. "I talked to them solely not to be a captive of the system," he said. "Wilson was a guy who knew about a lot of things. He was a good contact."

After the Shackley meeting, Mulcahy was brought into the Libyan operation. Muammar el-Qaddafi had placed a purchase order with Wilson and Terpil for hundreds of thousands of timers capable of detonating explosives at some specifically delayed time. Wilson and Terpil did not tell Mulcahy, however, the real purpose of the devices; instead he was led to believe that Qaddafi needed them to clear mines from harbors and battlefields by safely blowing them up. The mines, so Mulcahy was told, had been left from the 1973 Arab-Israeli war. The timers were to be demonstrated to Qaddafi's senior military and intelligence aides that June in Libya, and Wilson and Terpil had to find an immediate manufacturer. They decided to exploit a long-time C.I.A. contractor, the American Electronic Laboratories of Colmar, Pa., and Falls Church, Va., which had routinely been providing the agency with some of its most highly classified electronics and communications gear.

American Electronic was a logical starting place. In May 1976, Wilson had visited the company's plant in Falls Church in an effort to persuade its officers to retain his firm to represent its products around the world. Wilson brought Mulcahy and Terpil to the meeting, as well as an active C.I.A. employee, Patry E. Loomis, an agent assigned to the Far East who was operating under cover for an aircraft company. One of Loomis's functions was to serve as a liaison officer between C.I.A. headquarters and its overseas stations; he was responsible for establishing personal relationships with senior military and Government officials in the Far East. Loomis added credibility to Wilson's pitch. "Terpil was there to impress them with his contacts in the Middle East," Mulcahy recalls. "Wilson

was there for Europe and Loomis for the Far East. I was there because it was told to them that I was ex-C.I.A. and would remain on-site and accessible while the others traveled."

Loomis, who had been illegally moonlighting for Wilson for some time, was one of dozens of former Government employees who had been recruited by

Wilson and Terpil. Government investigators have learned that Wilson's technique, utilized in his approach to American Electronic, was to seek out intelligence and military officials with close relationships with both vital suppliers and foreign governments. These men would be retained to sell goods, ranging from canned foods to weapons, to those foreign countries. Income for his salesmen, as well as for Wilson, was

extremely high, in part because the sales were often contingent on under-the-table kickbacks to Wilson's company and to foreign officials.

No agreement was reached between Wilson and senior officials of American Electronic at their meeting, but Wilson and his associates were able to leave the impression that their work was not only highly profitable but also had been officially sanctioned by the Government. In June, when the 10 prototype timers were needed, another series of meetings was set up in a Virginia bar involving three of Wilson's employees, along with William Weisenburger, then an active-duty C.I.A. official, and two employees of American Electronic, one of whom was another C.I.A. official, then working under cover. Weisen-

burger and the American Electronic men agreed to work privately over the weekend to produce 10 prototype timing devices at the inflated cost of \$1,500 each (10 times the actual cost). Federal authorities later concluded that these men knew that there had been no official C.I.A. authorization for the job, and that senior officials of American Electronic had not known of the moonlighting. It was a project that in the months ahead struck Mulcahy as wildly ironic: He knew that many of the company's senior officials were Jewish and, he now says, "You can bet they wouldn't do anything for Libya."

Mulcahy was beginning to get a taste of life as an international salesman, and it was good. In June, he flew to England to set up an exhibition at a security show at Brighton. The rooms were first class. So was the food, and there seemed to be a constant series of parties, and party girls. One of Mulcahy's first customers at the security show was a Syrian company, Abdallah Engineering, which was interested in purchasing high-speed communications equipment — gear so sensitive, Mulcahy thought, that the State Department would never permit its export. "Frank told me, 'Don't worry about it. We don't need licenses. Just get the order,'" Mulcahy recalls. "By now it was obvious that Wilson and Terpil had a wide latitude for the agency."

The equipment included encoding de-

vices and radio monitors capable of tracking, intercepting and interpreting encoded signals. There was a meeting with representatives of the Irish Republican Army, who wanted American-made M-16 rifles. Mulcahy learned that such weapons could be found in plentiful supply; North Vietnam had sold its surplus weapons — seized in huge quantities after its army overran South Vietnam in 1975 — to Samuel Cummings of Interarmco, the European-based arms dealer. It was in England also, Mulcahy says, that Terpil asked him if he wanted to earn \$5,000 on his return flight to Washington by detouring to Cairo to deliver a "cold gun," one with no identifying serial number. Mulcahy refused to deliver the weapon, but did

learn months later that Qaddafi had provided Terpil and Wilson with a \$1 million contract to assassinate Umar Abdullah Muhayshi, a Libyan defector who had plotted to overthrow Qaddafi's regime. The assassination assignment had been subcontracted by Wilson to three anti-Castro Cubans in Miami with whom he had once worked in the C.I.A. "Frank was playing both ends against the middle," Mulcahy recalls. "He was setting up an elaborate security system for the guy in Egypt to protect him while at the same time trying to bump him off."

Mulcahy and Terpil got along well and the two men exchanged many confidences during their trips together. "Frank tends to talk a lot; he likes to name-drop," Mulcahy says. "What charges Frank's batteries is the thrill of the chase, the excitement, being on the periphery of power. He thrives on it." In time, Mulcahy said, he came to realize that there was more truth in Terpil's seemingly wild stories than he had thought.

Wilson is more discreet and far more dangerous, Mulcahy said. "Ed is devious and cunning and he's living a lie — that he is the most important human being alive. He'll use anything to manipulate people or events to get them to come

out in his favor. He's absolutely brilliant in the way he sets a deal up, puts people together and parcels out information. Ed compartmentalizes his own operation the same way the agency does. It allows him to play both ends against the middle and come out the winner. If Ed comes back and goes on trial, he's going to use every bit of information he's stored up for years to get the C.I.A. in court and put the agency on trial instead of Ed Wilson." In fact, Wilson's attorney in Washington, Seymour Glanzer, has repeatedly told Federal prosecutors that the whole story of his client's involvement in Libya has not been aired. Glanzer, in a telephone interview, refused to comment. But the prosecutors have inferred from conversations with him that his defense will be: Wilson is still at work for the C.I.A. There is no known evidence that this is the case, however.

Mulcahy immediately sensed Wilson's essential toughness, but there was nothing unusual about such men inside the C.I.A. and it was a characteristic that could be admired. Mid-1976 was a period of travail for the C.I.A., which was under attack in the press for its illegal domestic spying activities and under investigation by the Senate Intelligence Committee for its foreign assassination efforts. Mulcahy learned, shortly after joining Wilson and Terpil, that President Ford had placed severe new restrictions on clandestine C.I.A. activities. Wilson and Terpil suddenly became more legitimate in his eyes: "I thought it was logical that the agency would set it up this way and have their people on the street freelancing."

During that summer, Mulcahy edged closer to the line of illegality and, in at least one case, crossed it. He recalls that Wilson and Terpil were selling munitions, communications equipment and highly restricted night-vision devices without preliminary clearance from the Office of Munitions Control in the State Department and the export control division in the Commerce Department. In one case, Wilson and Terpil purchased a United

States Army vehicle equipped with night-surveillance equipment for shipment to Libya, in direct violation of all regulations. To avoid any possible problem, the vehicle was first sent to Canada and transshipped from there to Tripoli. The risks of such flagrant activity were high, but so were the rewards. The vehicle cost about \$60,000 to purchase in the United States and was sold to the Libyan Government by Wilson and Terpil for \$990,000. Federal prosecutors later learned. Similarly, Terpil and Wilson provided Qaddafi with

hundreds of closely controlled and sophisticated infrared night-vision devices for M-16 rifles, which were primarily designed for use by snipers in warfare. Not all such sales went to Libya. Mulcahy says he was directly involved in the illegal sale of 2,000 rounds of ammunition to the South African Government, and he used falsified documents to label the ammunition as "plumbing fixtures." This and other sales, he says, were arranged through Sven K. H. Hoffelner, an Austrian arms dealer who also owns a successful group of restaurants in London. Hoffelner had established a close working relationship with Terpil by the time Mulcahy joined the operation.

In July 1976, after his return from England, Mulcahy learned that only six of the 10 timing devices sent to Libya had worked. The demonstration of the devices was made in Libya by John Henry Harper, who had spent more than 20 years as a bomb and ordnance technician for the C.I.A. and who had joined American Electronic after he retired. Two of the timers had failed, Mulcahy was told, because Harper had miswired them. Libya's reaction to the demonstration was puzzling to Mulcahy: Although nearly half the devices had failed to work, the

Libyans were still willing to order 100,000 for immediate delivery. A few weeks later, Terpil returned from a visit to Libya with an increase in the order to 300,000 timers. "I didn't get suspicious," Mulcahy recalls, "until Frank came in with the order for 300,000. I knew damn good and well that there was no way there was a need for 300,000 timers — there weren't 300,000 mines in the harbors and deserts from the Six-Day War as well as World War II."

At this point, Mulcahy understood that Wilson's story about mine-clearing in Libya was false, but he thought it was shielding a C.I.A. operation, and not serving as a cover for a terrorist-support program. The cover story was beginning to erode. Whatever concerned Mulcahy was quietly suppressed over the next few weeks, however: "I was impressed by the money and the possibility of making a fortune."

By this time, it was clear that the senior officers of American Electronic could not be persuaded to build 300,000 timers without verifying the order with the C.I.A. There was yet another scramble: This time to find a manufacturer who could begin delivering the timers within 45 days. Another Friday night meeting in a Virginia bar was arranged with Mulcahy and representatives of another long-time C.I.A. supplier, Scientific Communications Inc. of Dallas. Terpil had found the company, whose president, Joe L. Halpain, later agreed to manufacture 500 prototype timers within 30 days. At the Friday night meeting was William Weisenburger, then a branch chief in the C.I.A.'s Technical Services Division — the group responsible for producing the special weapons and safety de-

vices that have been popularized by the James Bond movies. Thomas G. Clines, then a senior official in the C.I.A.'s Office of Training, also was in the bar that night, sitting with Ed Wilson. Mulcahy spent the night table-hopping as the manufacturing plans were worked out. Clines was well known inside the agency for his closeness to Ted Shackley. Like the others, Clines had

played a role in the Bay of Pigs. After Shackley's retirement from the C.I.A. in 1979, he and Clines would set up a consulting firm.

Everybody smelled the big money that night in the bar. Mulcahy later learned that the final contract with Qaddafi called for a total payment of \$35 million for 500,000 timers whose cost to supply, he knew, would be somewhere around \$2.5 million. Even in the international-arms business, profits like that are not easy to come by.

Wilson's major concern was time; he had promised the Libyans that he would set up a manufacturing laboratory near Tripoli for the production of assassination weapons in August. Qaddafi, in turn, promised to pay him \$1 million in cash immediately upon arrival of the first batch of timers, explosives and other equipment that would be needed. Manufacturing the weapons themselves in Libya would be no problem; men such as John Harper, who was paid more than \$2,000 a week by Wilson and Terpil, agreed to go to Libya and begin training Libyans in the art of disguising explosives in ashtrays, flowerpots, lamps and other household goods that could be triggered by delayed timing devices. Scientific Communications came through on its promise to deliver the proto-

type timers within 30 days. The Texas company had handled legitimate and sensitive contracts for the C.I.A., but this one was different and the firm's president, Joe Halpain, knew it. He personally delivered the timers, hidden in plastic-prescription bottles for export to Libya, to a motel near C.I.A. headquarters, where they were picked up by Wilson and Mulcahy. Far more difficult were the issues of where to purchase the volatile chemical explosives needed for the production of the assassination weapons and how to slip them into Libya. The necessary explosives included TNT and a variety of lethal plastiques — among them RDX, formally known as cyclotrimethylene trinitramine — which were designated as Class A explosives by the Department of Transportation and could not be shipped on passenger and cargo aircraft. Wilson and Terpil again reached into the ranks of C.I.A. contractors and found a California firm, J.S. Brower and Associates of Pomona, which agreed to supply the chemicals, all of which were considered defense articles that could not be exported without Federal licensing.

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One problem remained: how to get the timers and explosives into Libya. In early August, 1976, Mulcahy attended a meeting at the offices of Inter-Technology in Washington with a cargo sales manager of Lufthansa German Airlines, which has passenger service from Germany to Tripoli. The sales manager, Walter Doerr, categorically refused to ship the explosives, legally or otherwise, on a passenger craft. And he refused to charter a special cargo plane because of the high risk of explosion. Later that day, Terpil arranged a meeting with Jerome S. Brower, the 61-year-old president of Brower and Associates, who was a highly respected figure in his industry (and later was asked to advise Congress's Office of Technology Assessment on a proposed method of marking and tracing explosives used in international terrorism). Brower was shown a list of all the chemicals that Inter-Technology wanted to purchase for the Libyan operation. Mulcahy recalled that Brower immediately exclaimed: "Hey, you don't need all this stuff for mine clearance."

Wilson explained that the company was setting up a laboratory in Tripoli and doing some demonstrations work. "He didn't say precisely what we were doing," Mulcahy recalls, "but it was obvious. Wilson went further than I'd ever heard in explaining the scope of the entire project. There was an enormous potential for follow-up business which removed any inhibitions Brower had." Mulcahy marveled at Wilson's ability to handle Brower: "Brower had never done any business with either of these guys before and here he is agreeing to sell and ship explosives to

Libya." Brower immediately raised his price and demanded partial payment in advance. Wilson and Terpil agreed to pay nearly \$38,000 on account. Mulcahy says, and the California businessman "called his plant, talked to his wife, Peggy, and his plant manager and told them how to pack the chemicals."

RDX, the most lethal and unstable material, was to be placed inside 55-gallon drums in webbing and the drums then were to be filled with a gel substance. The explosives were to be shipped East, to Dulles Airport, marked as "industrial solvent," on the first available passenger flights. Mulcahy recalls. Once at Dulles, they were consolidated into one shipping container, along with the timers and the industrial tools and workbenches needed to set up the explosives laboratory in Libya. Then they were forwarded to Europe for transshipment by Lufthansa passenger planes to Tripoli without knowledge of the airline. All of the men involved in the meeting in Washington understood the implications of what they were doing, Mulcahy says: "The nitro could have blown if the plane hit an air pocket."

Brower was indicted in April 1980, along with Wilson and Terpil, for his role in illegally conspiring to ship the explosives with knowledge that they would be used to "kill, injure and intimidate individuals." After pleading guilty and agreeing to cooperate with Federal investigators, he was fined \$5,000 last December and sentenced to a five-year prison term, with all but four months suspended.

The meeting with Brower had resolved the final stumbling block and Wilson flew to Libya, where he was to conclude the arrangements for establishing the weapons laboratory and to be on hand to insure the careful handling of the shipment of "industrial solvent" from the United States. He also would receive the promised million-dollar payoff from Qaddafi.

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Kevin Mulcahy, meanwhile, flew to Europe for a meeting in London with Terpil and a group of British arms dealers. There was the inevitable party early one balmy Sunday afternoon, thrown by Sven Hoffelner, the trade link to South Africa. Hoffelner had rented a barge and as it was being poled along a canal near Oxford in the bright sun, Mulcahy began taking casual snapshots of the revelry. Terpil saw his camera, Mulcahy recalled, and "went berserk. He got all red in the face; he was really, really nervous and told me to put the camera away before 'you end up dead.'"

Later that evening, Terpil explained that one of the guests on the barge was Carlos Ramirez, known to police throughout the world as "the Jackal" — the international terrorist believed to be responsible for planning the 1972

Olympics massacre in Munich, a deadly raid on the Fiumicino Airport in Rome and numerous aircraft hijackings. There was no photograph of Ramirez in existence, Terpil told Mulcahy; the "Wanted" posters on display at airports throughout the world contained only a composite drawing. Terpil also told Mulcahy that Ramirez was living in barracks No. 3 at the former Wheelus United States Air Force base in Libya. Terpil seemed awed by Ramirez, who was accompanied at the party by Sayad Qaddafi, chief of Libyan intelligence, identified by Terpil as Qaddafi's cousin and the second most powerful man in Libya.

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Mulcahy was now in far too deep and he knew it.

It was late August and John Harper and other Wilson-Terpil employees were at work in Tripoli setting up the munitions laboratory for terrorist bombs and a training program for their effective use. Wilson and Terpil made it clear to Mulcahy that they did not want him to go to Libya. Mulcahy kept his now grave doubts to himself and continued on his business trip, moving on to Copenhagen and another series of meetings. Terpil returned to Libya, and he and Wilson suddenly dispatched an urgent cable to Copenhagen: Mulcahy was to break off his trip and return to Washington to open negotiations there with the General Dynamics Corporation for the purchase of one of its Redeye ground-to-air missiles. General Dynamics had advertised in trade journals that it had 18 Redeyes for sale to legally acceptable buyers. The missile, which could not be exported to Libya under the law, is shoulder-launched and has a heat-seeking component that enables it to track and destroy aircraft in flight. It had been used extensively and successfully by the Israelis during the 1973 war. "My problem was not to worry about the paperwork," Mulcahy says. "Terpil and Wilson had a pilot in Pennsylvania who would fly anywhere. Once he got over the water" — and away from American legal jurisdiction — "he would change the paper." If the Redeye had been purchased, the pilot would simply change the intended recipient listed on the export license, from an approved ally, such as those in NATO, for example, to Libya.

Altering the State Department's export license, known officially as the end-user certificate, was considered so much a normal part of the arms business by Wilson and Terpil that Mulcahy had been authorized to quote prices 8 percent to 12 percent higher if the sale also required supply of the certificate. Mulcahy was unnerved by his sudden assignment and discussed it with an associate in Copenhagen — a foreign military attaché stationed in Denmark who had a reputation for legitimate operations. "My friend told me that the only

reason Libya would want one Redeye was for use in a terrorist attack," Mulcahy says. "We speculated that Qaddafi probably wanted to be the first to shoot down a 747. To hit a fully loaded passenger plane in flight would be bigger than the destruction of planes at Dawson Air Field in Jordan," when P.L.O. terrorists in 1970 blew up three international airliners and held scores of passengers hostage.

Mulcahy had a leisurely dinner and began walking the streets of Copenhagen. He couldn't sleep. He recalled a trip he and Terpil had taken to a firm called Defense Apparel in Hartford, Conn., where Terpil discussed the possible purchase of up to 100,000 suits that would protect humans exposed to radioactivity. Could the Redeye carry a nuclear warhead? He knew now he would never place the Redeye order.

"I watched the sunrise come in Copenhagen," Mulcahy recalls, "and knew what I had to do — get back to Washington fast. I had to find out what paperwork existed" in the Inter-Technology offices he shared with Wilson and Terpil. "I felt that Frank and Ed were giving Qaddafi any goddamn thing he asked for." ■

THE MAN WITH THE CONTACTS

Edwin P. Wilson is invariably depicted by former associates as a charming, charismatic, effective, rough-and-ready, 6-foot-4 swashbuckler who excelled in his military and intelligence career. But the real reasons for his success as an international weapons dealer are the contacts he has built up during more than 20 years of work with United States Government intelligence services.

Wilson went to work for the C.I.A.'s Office of Security in 1951 and, after serving in the Marines, became a full-time C.I.A. contract employee in 1955. In the late 60's, he helped organize a Washington firm called Consultants International Inc. for the C.I.A. and the Navy. The firm's ostensible purpose was to conduct export-import operations, but that function was a cover for classified intelligence operations.

Over the next few years, his intelligence activities were combined and mingled with his private operations. He hired a number of associates, many of them with military or intelligence backgrounds, and, according to Federal officials, was routinely receiving huge kickbacks from American manufacturers and foreign governments on his procurement contracts.

The men working for him were convinced that he was still active in C.I.A. intelligence operations. "I thought he was reporting directly to the President," one former associate recalls. "Ed still must be sanctioned by the U.S. Government. The people I met were impressive. All of a sudden I'm on a first-name basis with big names in Congress and the Senate. It was always like the Government was supporting us." Robert Keith Gray, an influential public-relations man known for his close ties to the Eisenhower, Nixon and Reagan Administrations, was among those listed as a member of the board of Consultants International for five years, beginning in 1970. However, Gray, who served as co-chairman of Reagan's Inaugural Committee, expressed sur-

prise in an interview upon being told of his official listing. "I never knew I was on the board," Gray said. "I never was invited to a board meeting." He acknowledged that he has had a social and business relationship with Wilson, whom he described as "charming and very much a red-blooded American."

In 1971, Wilson dropped his C.I.A. connection and was a part of Task Force 157, a secret Navy intelligence unit that employed 50 to 75 agents to monitor and collect information on Soviet shipping. It reported not only on routine cargo items but also watched for the covert shipment of military goods and nuclear weapons. The unit also was charged with the responsibility of picking up intelligence operatives from Taiwan and secretly ferrying them inside mainland China, where they would implant sensitive seismic monitors and radio equipment. Those operations were stopped after President Richard M. Nixon's visit to Peking in 1972, and C.I.A. officials were astonished to learn later that some of the sensitive equipment, designed solely for use inside China, was appearing for sale in the international arms market.

Wilson's first C.I.A. assignment, in the 50's, was to infiltrate the Seafarers International Union, in which he was eventually appointed to a number of official positions. He also was involved in Congressional lobbying on behalf of the union and apparently began then forming his close relationship with a number of influential members of Congress. Wilson became a C.I.A. specialist on maritime issues and was involved in the procurement of equipment for clandestine Navy operations. During the Bay of Pigs, he was assigned as a paymaster and handled procurement as well. He later served in Southeast Asia and Latin America.

A full accounting of Wilson's connections and business activities may never be known. He has boasted of having a controlling interest in more than 100 corporations in the United States and Europe. — S.M.H.

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THE QADDAFI CONNECTION

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A former C.I.A. analyst publicly reveals the story behind a group of ex-C.I.A. and military men who have been selling restricted materials and their expertise for use by Libyan terrorists. *The first of a two-part series.*

By Seymour M. Hersh

Five years ago, two former operatives of the United States Central Intelligence Agency — Edwin P. Wilson and Frank E. Terpil — made a business deal with Col. Muammar el-Qaddafi, the ruler of Libya. In essence, the former C.I.A. men, who had become partners in an export-import business, agreed to sell Colonel Qaddafi their accumulated years of American intelligence-agency contacts, experience and expertise. Theirs was a product that could not be purchased on the open market. The colonel, who boasts of supporting terrorism in the Middle East, Europe and Africa and who has been attempting to set up his own new federation of Arab and Moslem states, was willing — and able, because of his vast oil wealth — to pay dearly.

As a result, the two Americans, according to Federal investigators, have made millions of dollars aiding Qaddafi in his drive to export terrorism and build his own Middle Eastern power. Under cover of their export-import business, Wilson and Terpil are said to have helped Libya set up a manufacturing plant for the production of assassination weapons; to have themselves helped Qaddafi plan political assassinations; to have recruited dozens of former Green Berets to teach Libyan soldiers and Arab terrorists how to handle volatile explosives — how, for example, to turn ashtrays into weapons of terror; to have illegally shipped arms explosives to Libya with the aid of forged and fraudulent State Department export

Seymour M. Hersh, a former New York Times reporter, is now at work on a book about Henry Kissinger to be published by Summit Books.

certificates, and to have involved other former C.I.A. employees in their projects.

Information about the Qaddafi connection has been known by the Government since the fall of 1976. It was then that Kevin P. Mulcahy, at the time a partner of Wilson and Terpil, approached the C.I.A. and the Federal Bureau of Investigation with grave doubts about the legality and ethics of his company's business dealings with Libya. Mulcahy, a former C.I.A. employee who had spent six months inside the Wilson-Terpil operation, would spend hundreds of hours, over the next few years, providing the Government with firsthand knowledge.

Kevin Mulcahy has now decided to tell his story publicly for the first time. He's tired of waiting for this segment of his life to end. He wants to be listed again in the telephone directory, to hold a driver's license in his own name, to vote, to own property, to stop living as if he — and not Wilson and Terpil — had been indicted for wrongdoing. He feels he is forced now, in effect, to give his testimony in the pages of The New York Times. The essentials of his account have been verified where possible through secret documents and in interviews with key members of the State Department, the Justice Department, the F.B.I., the United States Attorney's office in Washington, as well as with Stansfield Turner, the former head of Central Intelligence, and other high C.I.A. officials.

The Wilson-Terpil case is a story of Americans who meet secretly in bars and board rooms to arrange the illegal sale of electronic-spying equipment and terrorist weapons, and of Americans who train assassins abroad. It is a story of an old-boy network of former C.I.A. operatives and military men, and a story of present and

past C.I.A. leaders who seem unable to face fully the implications of the case. It tells of a basic inability of the Government's investigative and law-enforcement agencies, disrupted by internal jealousies and feuding, to perform effectively. It suggests that a moral climate exists inside and on the edges of the intelligence community which results in the subversion of national goals to personal gain.

Ed Wilson was running what amounted to an updated version of the military-industrial complex in which former C.I.A. and military employees have put their Government experience, contacts and knowledge to use for large personal monetary gain, regardless of the damage they will do to their own country. Such men have worked in league with a number of American manufacturers who have specialized in working for the C.I.A. and other intelligence agencies in supplying military goods and highly classified technical equipment. Questions that should normally be asked — Are the sales officially authorized? Are they legal? Do they jeopardize national security? — are not. Senior Government officials, in recent interviews, acknowledge that American expertise is being transferred abroad in unprecedented fashion. The phenomenon, known in the bureaucracy as "technology transfer," is one apparent result of the declining morale inside the intelligence community and the increasing profits available. These officials say that nations such as Chile, South Korea, Brazil, Argentina, Taiwan, South Africa, Iraq and Pakistan have been able to purchase the very latest American equipment and technology in communications, military arms, computer science and nuclear development — with or without authorization from the United States Government.

The matter was intensively reviewed at high levels, inside the Carter

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Administration, with little progress. As yet, the Reagan Administration has not addressed the issue. In early May, the Administration did order the Libyan Government to shut down its offices in Washington, as part of the campaign against international terrorism. But it has not faced the broader problem — the export of American weaponry and expertise to terrorists.

Before the Federal prosecutors brought their indictments in April 1980 in the Wilson-Terpil case, the file was presented to Philip B. Heymann, then Assistant Attorney General for the Criminal Division. Heymann, who is returning this summer to teach at Harvard Law School, recalls: "I was shocked by what I saw in the Wilson matter. The notion that there is no control over an American intelligence official taking his know-how and selling it to the highest bidder seems to be insane. If terrorism is to be taken as a major national problem," Heymann says, "we'll have to start at home and draft statutes that would bar the sale of fancy American equipment and fancy American expertise for terrorist purposes. It won't be an easy matter, because it's hard to put a lid on the dissemination of information. But this question is exactly what Congress ought to be holding hearings on."

Federal authorities, in accepting Kevin Mulcahy's story as accurate, acknowledge that its implications are deeply disturbing: Qaddafi obviously has utilized the materials and expertise of Wilson and Terpil in his support of such terrorist groups as the Palestine Liberation Organization, the Red Brigades of Italy, the Red Army of Japan, the Baader-Meinhof gang in Germany and the Irish Republican Army. He is suspected of having ordered the murder of at least 10 political enemies in Europe and the Middle East; two months ago, the F.B.I. arrested Eugene A. Tafoya of New Mexico, a former Green Beret, and accused him of an attempted assassination of a Libyan student at Colorado State University. The Libyan is one of a growing number outside the country who oppose Qaddafi's rule. When arrested, Tafoya, who traveled to Libya three times last year, had Ed Wilson's business card in his possession with telephone and telex listings in Tripoli, London and Washington for one of Wilson's Swiss-based companies. Tafoya's links to Wilson are still being investigated.

Colonel Qaddafi is relentlessly anti-Israel, supports the most extreme factions in Syria and opposes the moderating influences of Jordan's King Hussein and Egypt's Anwar el-Sadat as part of his campaign of political expansion in North Africa. Qaddafi's ambitions were strengthened early this year when he successfully invaded Chad, seizing an area believed to be rich in uranium ore. The war also meant more profit for Wilson, who has established his own trading company in Tripoli, known as Meprico, to supply Qaddafi's army. Libya, relying on its estimated \$25 billion in annual oil revenues, is a major purchaser of Soviet arms, and more

John Gashley

then 5,000 Warsaw Pact military advisers are believed to be on duty with Qaddafi's 60,000-man army.

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A former high-speed-communications and computer-technology expert in the C.I.A., Kevin Mulcahy was no innocent when he came forward about the way the export-import business had worked. He had gone into business with Wilson and Terpil at a high guaranteed income. Within three months, Mulcahy realized that his partners were routinely selling restricted military and communications gear. He himself offered to sell such sophisticated equipment as second-generation computer systems and coded communications machinery. Mulcahy did not hesitate in his talks with the authorities to acknowledge his own role in questionable activities, which included the sale of embargoed ammunition to South Africa. In all of these dealings, he says, he believed or wanted to believe that Wilson and Terpil were somehow part of a covert C.I.A. operation.

Today, Mulcahy is an angry and frustrated man. He believes his life is in danger, a belief shared by Federal officials, and he is deeply disturbed by what he regards as a monumental lack of resolve, competence and communication within the Federal Government in handling the case. It took nearly four years to indict Wilson and Terpil in Washington, on charges that include illegal export of explosives, failing to register as a foreign agent, and conspiracy and solicitation to commit murder. Despite fugitive warrants, the Government has been unable to apprehend them at a time when their travels in and about Europe, the Middle East, Africa and the United States have been observed by many people. Last winter, more than six months after his indictment, Wilson was seen by a business friend in Blackie's House of Beef, a Washington restaurant, with a group of his former employees; it is not known how he entered the country. Mulcahy, meanwhile, has been forced to lead a life of furtiveness. "I've had five years of indecision, contradiction and waiting for the day that this chapter of my life ends," he says. "The Government keeps telling me, 'We're on top of it; we're on top of it.'" Yet Wilson and Terpil remain at large, and many of their operations, which clearly seem to be working against the interests of their own country and, indeed, world peace, are believed to be continuing at this moment.

Kevin Mulcahy, now 38, grew up vintage Americana in suburban Washington: altar boy, Eagle Scout, varsity basketball, class vice president. He was a son of Donald V. Mulcahy, a 28-year-career senior official of the C.I.A., four of whose six children were also employed by the agency. Kevin, the oldest child, began working full-time for the C.I.A. in 1963, after serving as an airborne radio operator in the Navy. He became a communications and computer expert and worked on highly classified programs that he will not talk about today. In 1968, he resigned

Frank E. Terpil (left), accused of illegally exporting explosives for terrorism, at a picnic along the Thames in London, with Kevin Mulcahy (center) and Sven Hoffmeier (right), an international arms dealer, in the summer of 1976. Present at the same party, Mulcahy later learned, was Carlos Ramirez, known to authorities as "the Jackal," who is believed to have planned the 1972 Olympics massacre at Munich. Top right: Col. Muammar al-Qaddafi



from the agency to take a position in the electronics industry. There followed a succession of increasingly responsible jobs in the computer industry, a serious drinking problem that drove him into Alcoholics Anonymous, and a painful divorce.

By the fall of 1974, Mulcahy had come to grips with his alcoholism and, having left the computer industry, began working in Virginia as a counselor in a drug- and alcohol-treatment center. By 1975, he was trying to set up a series of halfway houses and was scrambling for Federal grants. Mulcahy rented a house by chance from a Barbara Wilson — Edwin P. Wilson's wife. Mulcahy became friendly with her and eventually was invited to dinner at the Wilsons' newly purchased, luxurious 1,500-acre farm in Upperville, Va. Ed Wilson, now 52, was well known inside the C.I.A. as a skilled and trustworthy operative. Wilson, who began his export-import business in the early 1970's while working as a consultant for a top-secret Navy intelligence unit, had played a role in the Bay of Pigs and other undercover operations in his long C.I.A. career as a contract agent. Mulcahy was impressed.

Over dinner, Wilson made it clear that he knew pretty much all there was to know about Kevin Mulcahy, about his former employment with the C.I.A. and his current work with teen-agers. A few months later, Wilson made an offer Mulcahy would not refuse: If Mulcahy would join his arms-sales business in Washington and remain for one year, he could then have as a bonus a nine-bedroom farmhouse Wilson also owned and use it as a halfway house for troubled youths. Mulcahy's guaranteed \$50,000 annual income would be supplemented by commissions and expenses. "I had no suspicions at all about the job," Mulcahy recalls, and he began working hard. "I was putting in 18 hours a day at first, dealing with 10,000 suppliers and inquiries about canned food, parachutes — any kind of equip-

ment, from machine guns to aircraft. There was no reason for suspicion in those weeks." Most of the business was aboveboard and involved the sale of highly technical equipment. Mulcahy was responsible for arranging export licenses, international letters of credit and shipping, and also for determining which manufacturers' equipment would meet the specifications of the order.

Mulcahy obviously passed muster. In the early spring of 1976, Wilson walked him to another office a few blocks away, in downtown Washington, and introduced him to Frank Terpil, now 41. Terpil had served about seven years as a communications technician for the C.I.A. but was forced to resign in 1971 after a series of embarrassing private escapades, including an attempt to smuggle contraband liquor into India. Unlike Wilson, who mingled easily and effortlessly with senior C.I.A. officials, corporate executives and important members of Congress, the Brooklyn-born Terpil was a street operator who had been arrested twice for illegal trafficking in arms. Mulcahy knew nothing about Terpil except that he had worked overseas for the C.I.A.

The three men agreed to set up a new company, to be known as Inter-Technology Inc., for the specific purpose of selling high-speed communications gear and computers to foreign countries. The equipment was legally purchased from American companies. Each man was to be a one-third partner of Inter-Technology, which, it turns out, was one of scores of Wilson-Terpil companies scattered in corporate records throughout the United States and Europe.

If Mulcahy had any doubts about his new job, he suppressed them by believing — or wanting to believe — that Ed Wilson was still linked to the C.I.A. "Ed would parade his contacts in the C.I.A. with the people he was doing business with to impress them that he was still C.I.A.," Mulcahy says. "He would suggest he was still under deep cover." Often on Friday nights, Wilson made it a point to go drinking at bars in suburban Virginia known to be after-hours hangouts for C.I.A. officials on duty at the agency's headquarters in McLean. Mulcahy, the new partner, began going along. "I thought he was agency," Mulcahy says of Wilson. "I had no question in my mind."

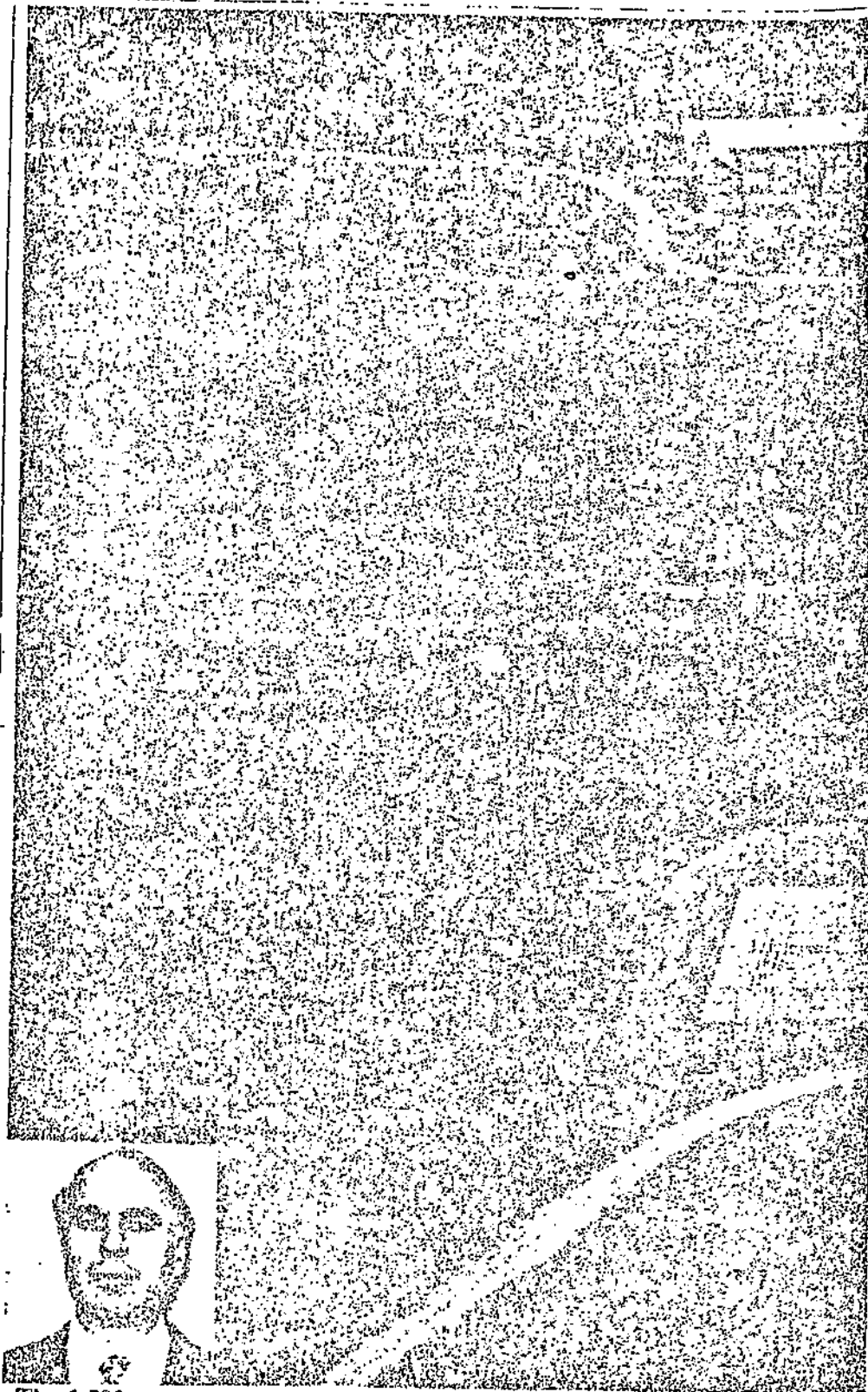
A few days after the new partnership was formed, Mulcahy discovered sales orders showing that Wilson and Terpil were in the process of selling machine guns and silencers to an arms dealer in Zambia. He was bothered by the sale of the silencers for he knew they had only one purpose — killing without drawing attention to the killer. He telephoned the F.B.I. and later showed copies of the sales orders to agents in the Bureau of Alcohol, Tobacco and Firearms (B.A.T.F.), one of whose functions it is to monitor illegal arms deals and report on impending sales. He also asked about his new partners. The authorities said that the sale to Zambia was legal and that they had no derogatory information about Wilson and Terpil in their

files. "I said to myself, 'Christ, this has got to be an agency operation,'" Mulcahy recalls. "These guys are buying and selling silencers, and the F.B.I. and B.A.T.F. give them the O.K. So I'm feeling pretty good: I'd gone to the Federal authorities, shown them documents and they said Wilson and Terpil were clean."

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Wilson's contacts seemed inexhaustible. Ed Wilson was friendly, as Mulcahy and Federal investigators were later to learn, with many senior legislators, including Senators Strom Thurmond of South Carolina and the late John L. McClellan of Arkansas and Representative Silvio O. Conte of Massachusetts. He could telephone a contact in the Internal Revenue Service and within 15 minutes have intimate financial details on a potential customer. He was able, with a telephone call to Washington's police headquarters, to obtain registration information on a local automobile license plate. But sometime in late May of 1976, Wilson went a step further: He telephoned Theodore G. Shackley, a prominent C.I.A. official who was then serving as the assistant to the deputy director for clandestine operations — one of the most powerful posts in the agency. Shackley was renowned for his toughness and efficiency as a station chief in Laos and in South Vietnam during the height of the Vietnam War, when the C.I.A. was deeply involved in its still controversial Phoenix assassination program. He later served in Chile, when the C.I.A. was assigned the task of interfering with the Government of Salvador Allende Gossens.

Wilson arranged a meeting at Shackley's home a few nights later after work, bringing along Mulcahy and an American, Harry Rastatter, one of Terpil's business associates who had just returned from a business trip to Egypt, Turkey and Iran. Rastatter had obtained some information from Savak, the Iranian internal police, and was willing to pass it along to the C.I.A. Shackley was introduced by Wilson to Mulcahy and recalled knowing his father, who earned the National Intelligence Medal, the agency's highest reward, before retirement. There was talk about military and intelligence needs in Iran, Turkey and Libya. Wilson told Shackley that he and Terpil were planning to travel to Tripoli and meet with Qaddafi. "By now I'm convinced that the whole thing is an agency front," Mulcahy recalls. "I thought Ed was in bed with the C.I.A." Some Federal officials say they are still investigating Shackley's personal and financial involvement with Wilson. Shackley has acknowledged to Federal authorities that the meeting described by Mulcahy as well as other meetings with Wilson did take place, but Shackley insisted that at no time did Wilson receive any authority or sanction from the C.I.A. for his work in Libya. He said his contacts with Wilson were solely for the purpose of obtaining any stray bits of intelligence Wilson might have picked up. Wilson and Shackley had worked to-



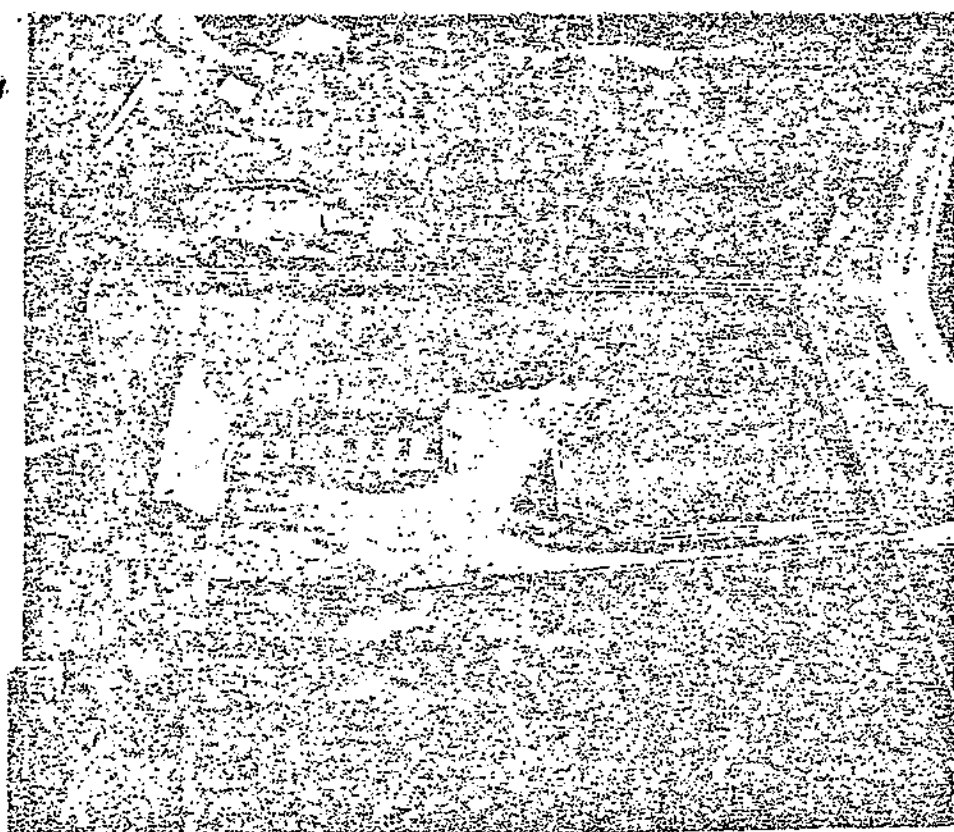
The 1,500-acre estate of Edwin Wilson (inset), which he bought while a

gether in 1960 on the Bay of Pigs operation. Shackley, in an interview, confirmed Mulcahy's account of the meeting and said that he, like Mulcahy, was unaware then of Wilson's plans for supporting Qaddafi's terrorist program. Shackley said his purpose in talking to Wilson and Rastatter was to collect information from non-C.I.A. sources. "I talked to them solely not to be a captive of the system," he said. "Wilson was a guy who knew about a lot of things. He was a good contact."

After the Shackley meeting, Mulcahy was brought into the Libyan operation. Muammar el-Qaddafi had placed a purchase order with Wilson and Terpil for hundreds of thousands of timers capable of detonating explosives at some specifically delayed time. Wilson and

Terpil did not tell Mulcahy, however, the real purpose of the devices; instead he was led to believe that Qaddafi needed them to clear mines from harbors and battlefields by safely blowing them up. The mines, so Mulcahy was told, had been left from the 1973 Arab-Israeli war. The timers were to be demonstrated to Qaddafi's senior military and intelligence aides that June in Libya, and Wilson and Terpil had to find an immediate manufacturer. They decided to exploit a long-time C.I.A. contractor, the American Electronic Laboratories of Colmar, Pa., and Falls Church, Va., which had routinely been providing the agency with some of its most highly classified electronics and communications gear.

American Electronic was a logical



medium-level Federal intelligence employee. The property abuts that of Se

starting place. In May 1976, Wilson had visited the company's plant in Falls Church in an effort to persuade its officers to retain his firm to represent its products around the world. Wilson brought Mulcahy and Terpil to the meeting, as well as an active C.I.A. employee, Patry E. Loomis, an agent assigned to the Far East who was operating under cover for an aircraft company. One of Loomis's functions was to serve as a liaison officer between C.I.A. headquarters and its overseas stations; he was responsible for establishing personal relationships with senior military and Government officials in the Far East. Loomis added credibility to Wilson's pitch. "Terpil was there to impress them with his contacts in the Middle East," Mulcahy recalls. "Wilson

was there for Europe and Loomis for the Far East. I was there because it was told to them that I was ex-C.I.A. and would remain on-site and accessible while the others traveled."

Loomis, who had been illegally moonlighting for Wilson for some time, was one of dozens of former Government employees who had been recruited by Wilson and Terpil. Government investigators have learned that Wilson's technique, as utilized in his approach to American Electronic, was to seek out intelligence and military officials with close relationships with both vital suppliers and foreign governments. These men would be retained to sell goods, ranging from canned foods to weapons, to those foreign countries. Income for his salesmen, as well as for Wilson, was

and it was good. In June, he flew to England to set up an exhibition at a security show at Brighton. The rooms were first class. So was the food, and there seemed to be a constant series of parties, and party girls. One of Mulcahy's first customers at the security show was a Syrian company, Abdallah Engineering, which was interested in purchasing high-speed communications equipment — gear so sensitive, Mulcahy thought, that the State Department would never permit its export. "Frank told me, 'Don't worry about it. We don't need licenses. Just get the order,'" Mulcahy recalls. "By now it was obvious that Wilson and Terpil had a wide latitude for the agency."

The equipment included encoding de-

vices and radio monitors capable of tracking, intercepting and interpreting encoded signals. There was a meeting with representatives of the Irish Republican Army, who wanted American-made M-16 rifles. Mulcahy learned that such weapons could be found in plentiful supply; North Vietnam had sold its surplus weapons — seized in huge quantities after its army overran South Vietnam in 1975 — to Samuel Cummings of Interarmco, the European-based arms dealer. It was in England also, Mulcahy says, that Terpil asked him if he wanted to earn \$5,000 on his return flight to Washington by detouring to Cairo to deliver a "cold gun," one with no identifying serial number. Mulcahy refused to deliver the weapon, but did

THE MAN WITH THE CONTACTS

Edwin P. Wilson is invariably depicted by former associates as a charming, charismatic, effective, rough-and-ready, 6-foot-4 swashbuckler who excelled in his military and intelligence career. But the real reasons for his success as an international weapons dealer are the contacts he has built up during more than 20 years of work with United States Government intelligence services.

Wilson went to work for the C.I.A.'s Office of Security in 1951 and, after serving in the Marines, became a full-time C.I.A. contract employee in 1955. In the late 60's, he helped organize a Washington firm called Consultants International Inc. for the C.I.A. and the Navy. The firm's ostensible purpose was to conduct export-import operations, but that function was a cover for classified intelligence operations.

Over the next few years, his intelligence activities were combined and mingled with his private operations. He hired a number of associates, many of them with military or intelligence backgrounds, and, according to Federal officials, was routinely receiving huge kickbacks from American manufacturers and foreign governments on his procurement contracts.

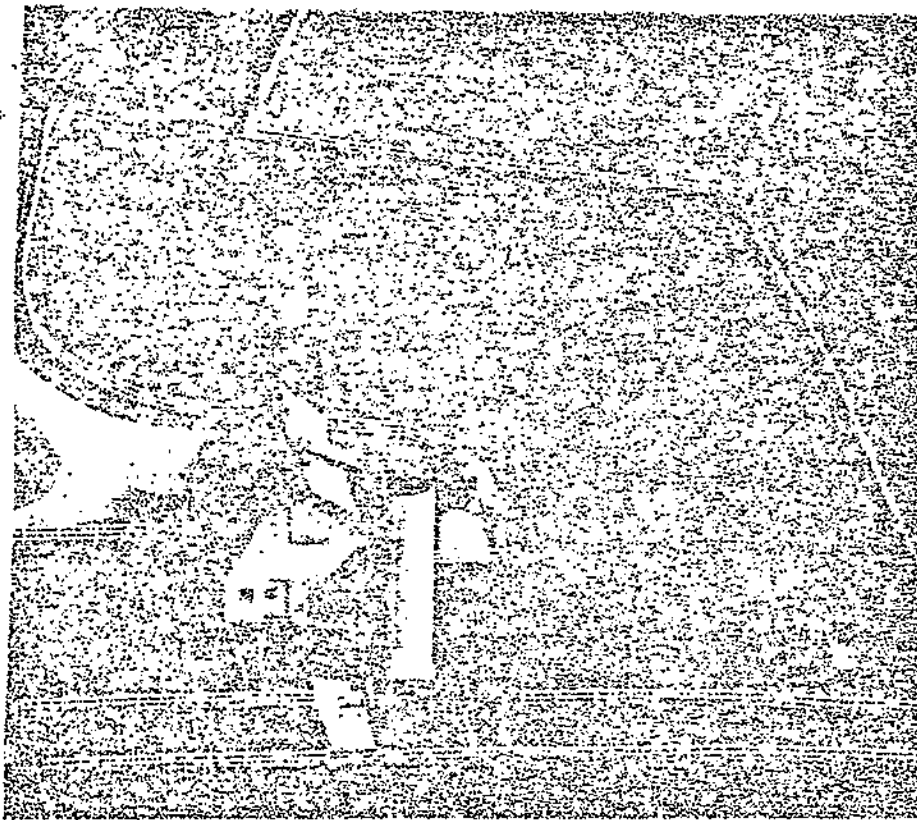
The men working for him were convinced that he was still active in C.I.A. intelligence operations. "I thought he was reporting directly to the President," one former associate recalls. "Ed still must be sanctioned by the U.S. Government. The people I met were impressive. All of a sudden I'm on a first-name basis with big names in Congress and the Senate. It was always like the Government was supporting us." Robert Keith Gray, an influential public-relations man known for his close ties to the Eisenhower, Nixon and Reagan Administrations, was among those listed as a member of the board of Consultants International for five years, beginning in 1970. However, Gray, who served as co-chairman of Reagan's Inaugural Committee, expressed sur-

prise in an interview upon being told of his official listing. "I never knew I was on the board," Gray said. "I never was invited to a board meeting." He acknowledged that he has had a social and business relationship with Wilson, whom he described as "charming and very much a red-blooded American."

In 1971, Wilson dropped his C.I.A. connection and was a part of Task Force 157, a secret Navy intelligence unit that employed 50 to 75 agents to monitor and collect information on Soviet shipping. It reported not only on routine cargo items but also watched for the covert shipment of military goods and nuclear weapons. The unit also was charged with the responsibility of picking up intelligence operatives from Taiwan and secretly ferrying them inside mainland China, where they would implant sensitive seismic monitors and radio equipment. Those operations were stopped after President Richard M. Nixon's visit to Peking in 1972, and C.I.A. officials were astonished to learn later that some of the sensitive equipment, designed solely for use inside China, was appearing for sale in the international arms market.

Wilson's first C.I.A. assignment, in the 50's, was to infiltrate the Seafarers International Union, in which he was eventually appointed to a number of official positions. He also was involved in Congressional lobbying on behalf of the union and apparently began then forming his close relationship with a number of influential members of Congress. Wilson became a C.I.A. specialist on maritime issues and was involved in the procurement of equipment for clandestine Navy operations. During the Bay of Pigs, he was assigned as a paymaster and handled procurement as well. He later served in Southeast Asia and Latin America.

A full accounting of Wilson's connections and business activities may never be known. He has boasted of having a controlling interest in more than 100 corporations in the United States and Europe. — S.M.H.



Senator John Warner and Elizabeth Taylor, in the Virginia hunt country.

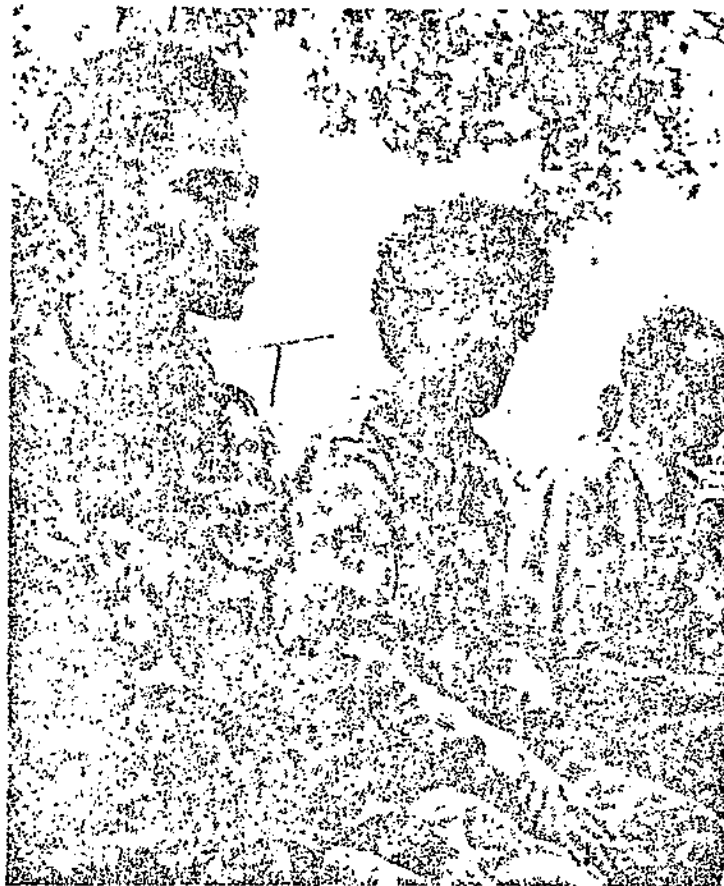
extremely high, in part because the sales were often contingent on under-the-table kickbacks to Wilson's company and to foreign officials.

No agreement was reached between Wilson and senior officials of American Electronic at their meeting, but Wilson and his associates were able to leave the impression that their work was not only highly profitable but also had been officially sanctioned by the Government. In June, when the 10 prototype timers were needed, another series of meetings was set up in a Virginia bar involving three of Wilson's employees, along with William Weisenburger, then an active-duty C.I.A. official, and two employees of American Electronic, one of whom was another C.I.A. official, then working under cover. Weisen-

burger and the American Electronic men agreed to work privately over the weekend to produce 10 prototype timing devices at the inflated cost of \$1,500 each (10 times the actual cost). Federal authorities later concluded that these men knew that there had been no official C.I.A. authorization for the job, and that senior officials of American Electronic had not known of the moonlighting. It was a project that in the months ahead struck Mulcahy as wildly ironic: He knew that many of the company's senior officials were Jewish and, he now says, "You can bet they wouldn't do anything for Libya."

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Mulcahy was beginning to get a taste of life as an international salesman.



Libyans (aided by ex-C.I.A. men) during their recent Chad invasion.

learn months later that Qaddafi had provided Terpil and Wilson with a \$1 million contract to assassinate Umar Abdullah Muhayshi, a Libyan defector who had plotted to overthrow Qaddafi's regime. The assassination assignment had been subcontracted by Wilson to three anti-Castro Cubans in Miami with whom he had once worked in the C.I.A. "Frank was playing both ends against the middle," Mulcahy recalls. "He was setting up an elaborate security system for the guy in Egypt to protect him while at the same time trying to bump him off."

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Mulcahy and Terpil got along well and the two men exchanged many confidences during their trips together. "Frank tends to talk a lot; he likes to name-drop," Mulcahy says. "What charges Frank's batteries is the thrill of the chase, the excitement, being on the periphery of power. He thrives on it." In time, Mulcahy said, he came to realize that there was more truth in Terpil's seemingly wild stories than he had thought.

Wilson is more discreet and far more dangerous, Mulcahy said. "Ed is devious and cunning and he's living a lie — that he is the most important human being alive. He'll use anything to manipulate people or events to get them to come

out in his favor. He's absolutely brilliant in the way he sets a deal up, puts people together and parcels out information. Ed compartmentalizes his own operation the same way the agency does. It allows him to play both ends against the middle and come out the winner. If Ed comes back and goes on trial, he's going to use every bit of information he's stored up for years to get the C.I.A. in court and put the agency on trial instead of Ed Wilson." In fact, Wilson's attorney in Washington, Seymour Glanzer, has repeatedly told Federal prosecutors that the whole story of his client's involvement in Libya has not been aired. Glanzer, in a telephone interview, refused to comment. But the prosecutors have inferred from conversations with him that his defense will be: Wilson is still at work for the C.I.A. There is no known evidence that this is the case, however.

Mulcahy immediately sensed Wilson's essential toughness, but there was nothing unusual about such men inside the C.I.A. and it was a characteristic that could be admired. Mid-1976 was a period of travail for the C.I.A., which was under attack in the press for its illegal domestic spying activities and under investigation by the Senate Intelligence Committee for its foreign assassination efforts.



A photograph identified by a Paris magazine in 1979 as that of the Jackal — the wanted international terrorist Carlos Ramirez.

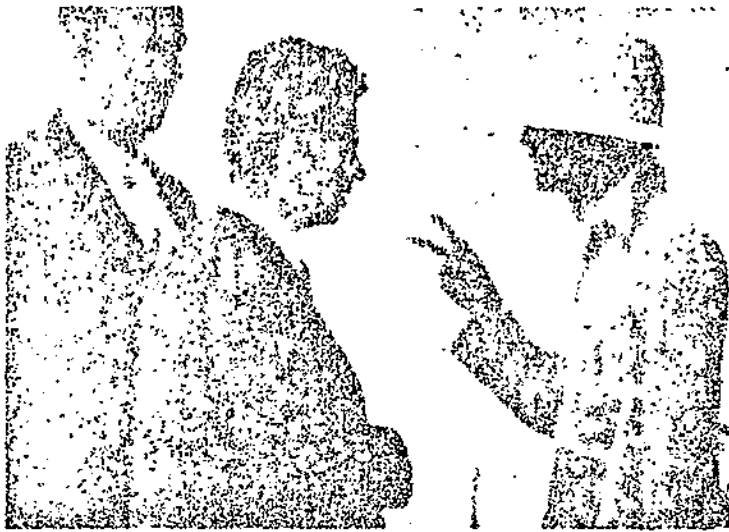
Mulcahy learned, shortly after joining Wilson and Terpil, that President Ford had placed severe new restrictions on clandestine C.I.A. activities. Wilson and Terpil suddenly became more legitimate in his eyes: "I thought it was logical that the agency would set it up this way and have their people on the street freelancing."

During that summer, Mulcahy edged closer to the line of illegality and, in at least one case, crossed it. He recalls that Wilson and Terpil were selling munitions, communications equipment and highly restricted night-vision devices without preliminary clearance from the Office of Munitions Control in the State Department and the export control division in the Commerce Department. In one case, Wilson and Terpil purchased a United States Army vehicle equipped with night-surveillance equipment for shipment to Libya, in direct violation of all regulations. To avoid any possible problem, the vehicle was first sent to Canada and transshipped from there to Tripoli. The risks of such flagrant activity were high, but so were the rewards. The vehicle cost about \$60,000 to purchase in the United States and was sold to the Libyan Government by Wilson and Terpil for \$900,000. Federal prosecutors later learned. Similarly, Terpil and Wilson provided Qaddafi with

hundreds of closely controlled and sophisticated infrared night-vision devices for M-16 rifles, which were primarily designed for use by snipers in warfare. Not all such sales went to Libya. Mulcahy says he was directly involved in the illegal sale of 2,000 rounds of ammunition to the South African Government, and he used falsified documents to label the ammunition as "plumbing fixtures." This and other sales, he says, were arranged through Sven K. H. Hoffelner, an Austrian arms dealer who also owns a successful group of restaurants in London. Hoffelner had established a close working relationship with Terpil by the time Mulcahy joined the operation.

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In July 1976, after his return from England, Mulcahy learned that only six of the 10 timing devices sent to Libya had worked. The demonstration of the devices was made in Libya by John Henry Harper, who had spent more than 20 years as a bomb and ordnance technician for the C.I.A. and who had joined American Electronic after he retired. Two of the timers had failed, Mulcahy was told, because Harper had miswired them. Libya's reaction to the demonstration was puzzling to Mulcahy: Although nearly half the devices had failed to work, the



Officials (left) with Arab terrorist before the 1972 Munich massacre.

Libyans were still willing to order 100,000 for immediate delivery. A few weeks later, Terpil returned from a visit to Libya with an increase in the order to 300,000 timers. "I didn't get suspicious," Mulcahy recalls, "until Frank came in with the order for 300,000. I knew damn good and well that there was no way there was a need for 300,000 timers — there weren't 300,000 mines in the harbors and deserts from the Six-Day War as well as World War II."

At this point, Mulcahy understood that Wilson's story about mine-clearing in Libya was false, but he thought it was shielding a C.I.A. operation, and not serving as a cover for a terrorist-support program. The cover story was beginning to erode. Whatever concerned Mulcahy was quietly suppressed over the next few weeks, however: "I was impressed by the money and the possibility of making a fortune."

By this time, it was clear that the senior officers of American Electronic could not be persuaded to build 300,000 timers without verifying the order with the C.I.A. There was yet another scramble: This time to find a manufacturer who could begin delivering the timers within 45 days. Another Friday night meeting in a Virginia bar was arranged with Mulcahy and representatives of another long-time C.I.A. supplier, Scientific Communications Inc. of Dallas. Terpil had found the company, whose president, Joe L. Halpain, later agreed to manufacture 500 prototype timers within 30 days. At the Friday night meeting was William Weisenburger, then a branch chief in the C.I.A.'s Technical Services Division — the group responsible for producing the special weapons and safety de-

vices that have been popularized by the James Bond movies. Thomas G. Clines, then a senior official in the C.I.A.'s Office of Training, also was in the bar that night, sitting with Ed Wilson. Mulcahy spent the night table-hopping as the manufacturing plans were worked out. Clines was well known inside the agency for his closeness to Ted Shackley. Like the others, Clines had played a role in the Bay of Pigs. After Shackley's retirement from the C.I.A. in 1979, he and Clines would set up a consulting firm.

Everybody smelled the big money that night in the bar. Mulcahy later learned that the final contract with Qaddafi called for a total payment of \$35 million for 500,000 timers whose cost to supply, he knew, would be somewhere around \$2.5 million. Even in the international-arms business, profits like that are not easy to come by.

Wilson's major concern was time; he had promised the Libyans that he would set up a manufacturing laboratory near Tripoli for the production of assassination weapons in August. Qaddafi, in turn, promised to pay him \$1 million in cash immediately upon arrival of the first batch of timers, explosives and other equipment that would be needed. Manufacturing the weapons themselves in Libya would be no problem; men such as John Harper, who was paid more than \$2,000 a week by Wilson and Terpil, agreed to go to Libya and begin training Libyans in the art of disguising explosives in ashtrays, flowerpots, lamps and other household goods that could be triggered by delayed timing devices. Scientific Communications came through on its promise to deliver the proto-

type timers within 30 days. The Texas company had handled legitimate and sensitive contracts for the C.I.A., but this one was different and the firm's president, Joe Halpain, knew it. He personally delivered the timers, hidden in plastic-prescription bottles for export to Libya, to a motel near C.I.A. head-

quarters, where they were picked up by Wilson and Mulcahy. Far more difficult were the issues of where to purchase the volatile chemical explosives needed for the production of the assassination weapons and how to slip them into Libya. The necessary explosives included TNT and a variety of lethal plas-

tiques — among them RDX, formally known as cyclotrimethylene trinitramine — which were designated as Class A explosives by the Department of Transportation and could not be shipped on passenger and cargo aircraft. Wilson and Terpil again reached into the ranks of C.I.A. contractors and

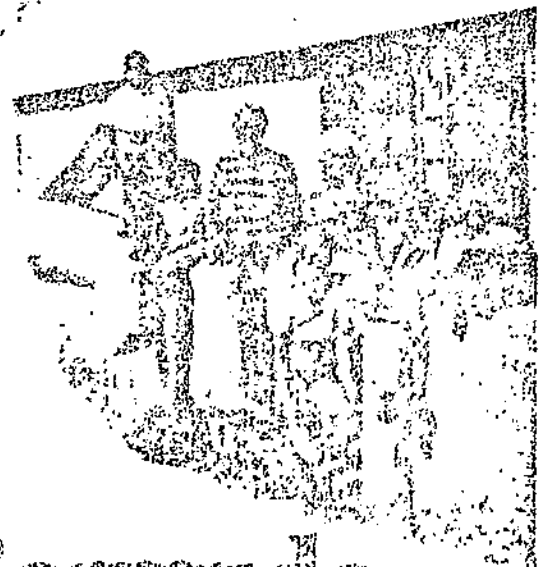
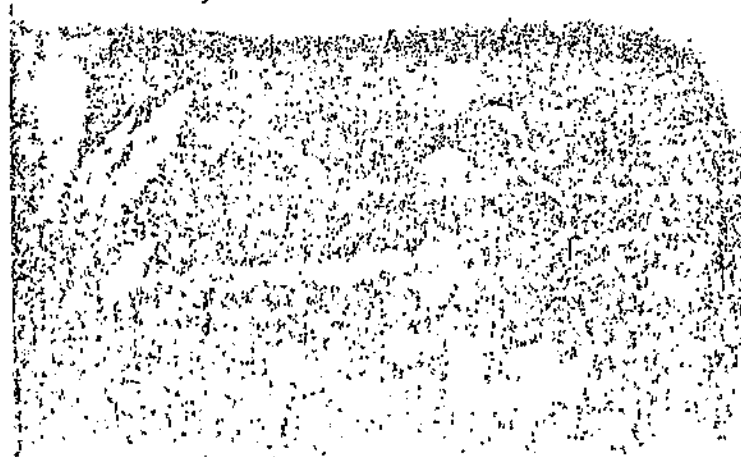


**"Each time we come to Bermuda,
we find some marvelous little spot
we never knew existed."**

Harry and Jeannette Greger on their 14th visit to Bermuda.

**"The day we visited St. George's,
we made a lot of new friends.
They make you feel so at home here."**

**"It's incredible, the lushness and
the beauty, less than 2 hours from the States."**



Bermuda
Get away to it all!

found a California firm, J.S. Brower and Associates of Pomona, which agreed to supply the chemicals, all of which were considered defense articles that could not be exported without Federal licensing.

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One problem remained: how to get the timers and explosives into Libya. In early August, 1976, Mulcahy attended a meeting at the offices of Inter-Technology in Washington with a cargo sales manager of Lufthansa German Airlines, which has passenger service from Germany to Tripoli. The sales manager, Walter Doerr, categorically refused to ship the explosives, legally or otherwise, on a passenger craft. And he refused to charter a special cargo plane because of the high risk of explosion. Later that day, Terpil arranged a meeting with Jerome S. Brower, the 61-year-old president of Brower and Associates, who was a highly respected figure in his industry (and later was asked to advise Congress's Office of Technology Assessment on a proposed method of marking and tracing explosives used in international terrorism). Brower was shown a list of all the chemicals that Inter-Technology wanted to purchase for the Libyan operation. Mulcahy recalled that Brower immediately exclaimed: "Hey, you don't need all this stuff for mine clearance."

Wilson explained that the company was setting up a laboratory in Tripoli and doing some demonstrations work. "He didn't say precisely what we were doing," Mulcahy recalls, "but it was obvious. Wilson went further than I'd ever heard in explaining the scope of the entire project. There was an enormous potential for follow-up business which removed any inhibitions Brower had." Mulcahy marveled at Wilson's ability to handle Brower: "Brower had never done any business with either of these guys before and here he is agreeing to sell and ship explosives to Libya." Brower immediately raised his price and demanded partial payment in advance. Wilson and Terpil agreed to pay nearly \$38,000 on account, Mulcahy says, and the California businessman "called his plant, talked to his wife, Peggy, and his plant manager and told them how to pack the chemicals."

RDX, the most lethal and unstable material, was to be placed inside 55-gallon drums in webbing and the drums then were to be filled with a gel substance. The explosives were to be shipped East, to Dulles Airport, marked as "industrial solvent," on the first available passenger flights, Mulcahy recalls. Once at Dulles, they were consolidated into one shipping container, along with the timers and the industrial tools and workbenches needed to set up the explosives laboratory in Libya. Then they were forwarded to Europe for transshipment by Lufthansa passenger planes to Tripoli without knowledge of the airline. All of the men involved in the meeting in Washington understood the implications of what they were doing, Mulcahy says: "The ultro could have blown if the plane hit an air pocket."

Brower was indicted in April 1980.
(Continued on Page 72)

Continued from Page 68

along with Wilson and Terpil, for his role in illegally conspiring to ship the explosives with knowledge that they would be used to "kill, injure and intimidate individuals." After pleading guilty and agreeing to cooperate with Federal investigators, he was fined \$5,000 last December and sentenced to a five-year prison term, with all but four months suspended.

The meeting with Brower had resolved the final stumbling block and Wilson flew to Libya, where he was to conclude the arrangements for establishing the weapons laboratory and to be on hand to insure the careful handling of the shipment of "industrial solvent" from the United States. He also would receive the promised million-dollar payoff from Qaddafi.

Kevin Mulcahy, meanwhile, flew to Europe for a meeting in London with Terpil and a group of British arms dealers. There was the inevitable party early one balmy Sunday afternoon, thrown by Sven Hoffelner, the trade link to South Africa. Hoffelner had rented a barge and as it was being poled along a canal near Oxford in the bright sun, Mulcahy began taking casual snapshots of the revelry. Terpil saw his camera, Mulcahy recalled, and "went berserk. He got all red in the face; he was really, really nervous and told me to put the camera away before 'you end up dead.'"

Later that evening, Terpil explained that one of the guests on the barge was Carlos Ramirez, known to police throughout the world as "the Jackal" — the international terrorist believed to be responsible for planning the 1972 Olympics massacre in Munich, a deadly raid on the Fiumicino Airport in Rome and numerous aircraft hijackings. There was no photograph of Ramirez in existence, Terpil told Mulcahy; the "Wanted" posters on display at airports throughout the world contained only a composite drawing. Terpil also told Mulcahy that Ramirez was living in barracks No. 3 at the former Wheelus United States Air Force base in Libya. Terpil seemed awed by Ramirez, who was accompanied at the party by Sayad Qaddafi, chief of Libyan intelligence, identified by Terpil as Qaddafi's cousin and the second most powerful man in Libya.

Mulcahy was now in far too deep and he knew it.

It was late August and John Harper and other Wilson-Terpil employees were at work in Tripoli setting up the munitions laboratory for terrorist bombs and a training program for their effective use. Wilson and Terpil made it clear to Mulcahy that they did not want him to go to Libya. Mulcahy kept his now grave doubts to himself and continued on his business trip, moving on to Copenhagen and another series of meetings. Terpil returned to Libya, and he and Wilson suddenly dispatched an urgent cable to Copenhagen: Mulcahy was to break off his trip and return to Washington to open negotiations there with the General Dynamics Corpora-

tion for the purchase of one of its Redeye ground-to-air missiles. General Dynamics had advertised in trade journals that it had 18 Redeyes for sale to legally acceptable buyers. The missile, which could not be exported to Libya under the law, is shoulder-launched and has a heat-seeking component that enables it to track and destroy aircraft in flight. It had been used extensively and successfully by the Israelis during the 1973 war. "My problem was not to worry about the paperwork," Mulcahy says. "Terpil and Wilson had a pilot in Pennsylvania who would fly anywhere. Once he got over the water" — and away from American legal jurisdiction — "he would change the paper." If the Redeye had been purchased, the pilot would simply change the intended recipient listed on the export license, from an approved ally, such as those in NATO, for example, to Libya.

Altering the State Department's export license, known officially as the end-user certificate, was considered so much a normal part of the arms business by Wilson and Terpil that Mulcahy had been authorized to quote prices 8 percent to 12 percent higher if the sale also required supply of the certificate. Mulcahy was unnerved by his sudden assignment and discussed it with an associate in Copenhagen — a foreign military attache stationed in Denmark who had a reputation for legitimate operations. "My friend told me that the only reason Libya would want one Redeye was for use in a terrorist attack," Mulcahy says. "We speculated that Qaddafi probably wanted to be the first to shoot down a 747. To hit a fully loaded passenger plane in flight would be bigger than the destruction of planes at Dawson Air Field in Jordan," when P.L.O. terrorists in 1970 blew up three international airliners and held scores of passengers hostage.

Mulcahy had a leisurely dinner and began walking the streets of Copenhagen. He couldn't sleep. He recalled a trip he and Terpil had taken to a firm called Defense Apparel in Hartford, Conn., where Terpil discussed the possible purchase of up to 100,000 suits that would protect humans exposed to radioactivity. Could the Redeye carry a nuclear warhead? He knew now he would never place the Redeye order.

"I watched the sunrise come in Copenhagen," Mulcahy recalls, "and knew what I had to do — get back to Washington fast. I had to find out what paperwork existed" in the Inter-Technology office he shared with Wilson and Terpil. "I felt that Frank and Ed were giving Qaddafi any goddamn thing he asked for."

NEXT WEEK

Kevin Mulcahy goes underground to save his life. The Government drags its feet in the arms-export investigation, while some former American C.I.A. and military men continue exporting the hardware of terrorism — timers and explosives, for example — and train Libyans for assassination.

FBI

TRANSMIT VIA:

☒ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☒ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☒ UNCLAS

Date 7/15/83

FM ALEXANDRIA [] (P)

TO DIRECTOR PRIORITY *6 36*
6 p

BT

~~UNCLAS~~

ATTENTION: TERRORISM SECTION, SSA []

FRANCIS E. TERPIL-FUGITIVE; ET AL; RA-LIBYA; CONSPIRACY

THE BUREAU IS REQUESTED TO EXPEDITIOUSLY TRANSMIT THE
 FOLLOWING TO LEGAT, ROME:

ON THIS DATE AUSA [] DISTRICT OF D.C.,
 ADVISED HE HAD BEEN IN CONTACT WITH [] A U.S. CITIZEN,
 WHO IS A FREE LANCE REPORTER WITH AN OFFICE IN WASHINGTON, D.C.

[] ADVISED THAT WHILE IN ROME, ITALY, RECENTLY HE HAD
 BEEN IN TELEPHONIC CONTACT WITH FRANK TERPIL. [] WAS
 NOT ABLE TO ELICIT FROM [] WHERE TERPIL WAS, BUT HE DID FIND
 OUT THAT [] WAS STAYING AT THE BERNINI (PH) HOTEL IN ROME.

[] WAS IN ROME BEGINNING WITH THE LAST WEEK OF JUNE AND
 STAYED THROUGH AN UNDETERMINED DAY IN THE FIRST WEEK OF JULY. []

1-Alexandria
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Approved: *290/8024*

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502

Per

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4/15/88

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b6 -1
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4/15/88
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TRANSMIT VIA:

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PRECEDENCE:

- ☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

- ☐ TOP SECRET
☐ SECRET
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Date _____

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IS APPARENTLY ATTEMPTING TO WRITE AN ARTICLE ON TERPIL FOR
PENTHOUSE MAGAZINE AND WOULD LIKE TO ARRANGE A MEETING BETWEEN
[REDACTED] AND TERPIL.

LEADS: LEGAT ROME, AT ROME, ITALY. CHECK HOTEL RECORDS
AT BERNINI (PH) HOTEL FOR ANY LONG DISTANCE PHONE RECORDS THAT
[REDACTED] MAY HAVE MADE OR ANY OTHER EVIDENCE THAT MAY INDICATE
TERPIL'S PRESENT WHEREABOUTS. (S)

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ATTENTION: TERRORISM SECTION, SSA [REDACTED]

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FRANCIS E. TERPIL-FUGITIVE; ET AL; RA-LIBYA; CONSPIRACY

THE BUREAU IS REQUESTED TO EXPEDITIOUSLY TRANSMIT THE
FOLLOWING TO LEGAT, ROME:

ON THIS DATE AUSA [REDACTED] DISTRICT OF D.C.,
ADVISED HE HAD BEEN IN CONTACT WITH [REDACTED] A U.S. CITIZEN,
WHO IS A FREE LANCE REPORTER WITH AN OFFICE IN WASHINGTON, D.C.

b6 -2, -4
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[REDACTED] ADVISED THAT WHILE IN ROME, ITALY, RECENTLY HE HAD
BEEN IN TELEPHONIC CONTACT WITH FRANK TERPIL. [REDACTED] WAS
NOT ABLE TO ELICIT FROM [REDACTED] WHERE TERPIL WAS, BUT HE DID FIND
OUT THAT [REDACTED] WAS STAYING AT THE BERNINI (PH) HOTEL IN ROME.

[REDACTED] WAS IN ROME BEGINNING WITH THE LAST WEEK OF JUNE AND
STAYED THROUGH AN UNDETERMINED DAY IN THE FIRST WEEK OF JULY. [REDACTED]

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IS APPARENTLY ATTEMPTING TO WRITE AN ARTICLE ON TERPIL FOR
PENTHOUSE MAGAZINE AND WOULD LIKE TO ARRANGE A MEETING BETWEEN
[REDACTED] AND TERPIL.

b6 -4
b7C -4

LEADS: LEGAT ROME, AT ROME, ITALY. CHECK HOTEL RECORDS
AT BERNINI (PH) HOTEL FOR ANY LONG DISTANCE PHONE RECORDS THAT
[REDACTED] MAY HAVE MADE OR ANY OTHER EVIDENCE THAT MAY INDICATE
TERPIL'S PRESENT WHEREABOUTS. (S)

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On December 6, 1983, [redacted] advised that a [redacted]

[redacted] will attempt to obtain the names
of Terpil's [redacted] (S)

[redacted] stated he had [redacted]

b6 -2
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[redacted] on Terpil. [redacted] will initiate contact with [redacted] for
any positive information. (S)

~~ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
EXCEPT WHERE SHOWN
OTHERWISE~~

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Declassify on: OADR
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Same info, but not a dupe.

[redacted]

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On December 6, 1983, [redacted] advised that [redacted]

[redacted]

[redacted] will attempt to obtain the names
of Terpil's [redacted] ~~S~~

[redacted] stated he had [redacted]

[redacted] on Terpil. [redacted] will initiate contact with [redacted] for
any positive information. ~~S~~

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EXCEPT WHERE SHOWN
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EXCEPT WHERE SHOWN
OTHERWISE~~

On January 10, 1984, [redacted]

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[redacted]

[redacted] (S)

Attached to this insert is a copy of the [redacted]
[redacted] a one page letter received by [redacted] and a copy
of a one page letter received by [redacted]. These copies
were made available by [redacted]. (S)

b6 -2
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[redacted] had not been aware of the mail forwarding
address: [redacted] Terpil
was using. (S)

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on 06/23/00~~
6/23

Concerning [redacted]

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[redacted]

[redacted] stated he had recently contacted [redacted]

b6 -2
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[redacted]

[redacted] told [redacted] he was working on [redacted]

b3 -1
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[redacted]

[redacted]

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b6 -2
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[REDACTED]

[REDACTED] will maintain contact with [REDACTED]
any further information regarding Terpil's whereabouts. ~~(S)~~

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~~ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
EXCEPT WHERE SHOWN
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Declassify on: OADR~~

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On January 10, 1984, [redacted]

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[redacted] Attached to this insert is a copy of the [redacted]
[redacted] a one page letter received by [redacted] and a copy
of a one page letter received by [redacted] These copies
were made available by [redacted]

b6 -2
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[redacted] had not been aware of the mail forwarding
address: [redacted] Terpil
was using. [redacted]

Concerning [redacted]

b6 -2
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[redacted] stated he had recently contacted [redacted]

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[redacted] told [redacted] he was working on [redacted]

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[redacted]
[redacted]
[redacted] will maintain contact with [redacted]
any further information regarding Terpil's whereabouts. ~~S~~

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ON 10/24/88 ipt

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This document is classified "~~Secret~~" in its entirety.

On October 18, 1983, Special Agent (SA) [redacted]
met with [redacted] (Protect Identity) at [redacted]

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b6 -3
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b6 -1, -2, -3
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b7D -2

b6 -1, -2, -3
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WILLIAM TUCKER



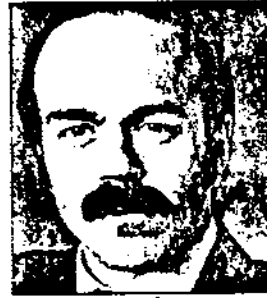
NICK TOSCHES



WILLIAM F. BUCKLEY, JR.



RICHARD BLEIWEISS



LAWRENCE LINDERMAN



JIM HOUGAN

HOUSECALL

The warning is blunt and horrific, and it comes from one of the very few Americans who can speak with personal authority on the subject: "The United States is not immune from Palestinian terrorism. There are a great many Palestinians in New York, Miami, California—Palestinian students who consider themselves warriors at this point. And there could be occurrences... such as at the Olympics next year," in Los Angeles. This terrifying scenario is not the creation of Robert Ludlum or John le Carré. It is part of an extraordinary *Penthouse* interview with one of the most dangerous and wanted men in the world—Frank Terpil, a fugitive from U.S. justice who in the course of an extremely checkered career has worked for—among others—Ugandan dictator Idi Amin, Libyan strongman Muammar el-Qaddafi, the Palestine Liberation Organization, and the CIA. In 1980, Terpil fled to Syria to avoid trial for gunrunning. Other charges still outstanding against him include training terrorists in Libya, the illicit transfer of explosives aboard a commercial airliner, and solicitation to murder. *Penthouse* reporter Jim Hougan, one of America's leading authorities on the mysterious underworld of the "intelligence community" (his book *Spooks* is a definitive text on the subject), interviewed Terpil in secret sessions behind the iron curtain and later at a luxurious resort hotel in the Caribbean (page 130). Despite being the moving target of Interpol, the Mossad, and the CIA, to say nothing of figuring prominently on the hit lists of former "business" associates, "Terpil seems to have come to terms, indeed to be at ease," Hougan told us, "with the dangers and uncertainties that define his existence."

Moving from the real-life world of international espionage to the fictional, we are particularly proud this month to present a preview of the newest thriller by William F. Buckley, Jr., one of our leading conservative thinkers and—more recently—a master of the best-selling spy novel. "Operation Rheingold" (page 88), which is excerpted from *The Story of Henry Tod*, to be published by Doubleday, is set in East Berlin during those tense months in 1961 when the Communists increasingly tightened the grip on their hapless civilian victims. Buckley's skillful blending of fact and fiction makes for unusually compelling reading.

The legend of Karen Silkwood, who died nine years ago on a dark Oklahoma road, is also a tale that reads like a compelling novel: a young girl murdered by shadowy and powerful men after she discovered and threatened to expose shocking safety violations involving plutonium, one of the most dangerous substances on earth. The problem—according to reporter William

Tucker—is what people have actually come to believe about Karen Silkwood. Her story is a mixture of fact and fiction, and it's mainly the fiction that "squadrons of anti-nuclear activists, the women's movement, and labor-student coalitions have adopted." This month, in fact, a blockbuster Hollywood movie, starring Meryl Streep as Karen, is opening around the country and promises to add to the controversy. Tucker's reconstruction of the life and death of this media saint, "No One Killed Karen Silkwood" (page 68), is a model of investigative journalism that should convince all but the most dedicated zealots that "the real Karen Silkwood was flesh and blood, somewhat less saintly than her image...but, when the facts are disentangled from the myths, will perhaps prove a heroine of sorts nonetheless."

Other special features in this very special Christmas issue include "An Executive Christmas Carol," scintillatingly satirical holiday cheer by artist Mischa Richter (page 179); a little "spiritual" advice by Lawrence Eisenberg, whose article on "Champagne" (page 144) tells you how "the king of wines" can add sparkle to your winter party giving; contributing editor Emily Prager's offbeat suggestions on where to spend your Christmas Eve (page 57); and Nick Tosches's survey, with pictures, of the newest and hottest queens of rock 'n' roll's new-wave revolution (page 138).

Special Christmas kudos are due to our equally hot (but not so new-wave) Art Department, which, under Art Director Richard Bleiweiss, has just won a Silver Medal from the Art Directors Club—the latest in a long line of graphics awards bestowed on *Penthouse*.

Since holiday cheer and gift giving are what Christmas is all about, what better month than December to crown our brand-new Pet of the Year (page 115)? Her selection by the votes of thousands of fans not only guarantees the bountiful homage and treasure worthy of such loveliness (page 184) but this year—for the first time—also gains our American Pet of the Year admission to the greatest and most lavish beauty contest of all time: the *Penthouse International Pet of the Year Pageant*, featuring more than forty of the world's most elegant and sexy women, all competing for an unprecedented prize of \$1 million in cash and gifts. The winner will be chosen by a distinguished panel of judges, including Marc A. Richardson, of Los Angeles, whose wickedly witty entry in our "Here Comes the Judge" contest won him a seat on this highest court of sex appeals. Lawrence Linderman's behind-the-scenes report on how *Penthouse's* revolutionary concept for an internationally televised extravaganza became reality begins on page 84...and, finally, our own extravaganza of holiday beauty, starring the best and the brightest of *Penthouse Pets*, will guarantee that the pleasures of the season will last way after Christmas. O—



PENTHOUSE INTERVIEW

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6-24-88 BY SP Sgt
up

• The United States is not immune from Palestinian terrorism. There are a great many Palestinians in New York, Miami, and California who consider themselves warriors. And there could be occurrences . . . such as at the Olympics next year. •

FRANK TERPIL

Franks Terpil, a fugitive ex-CIA operative and one of the world's most dangerous and wanted men, is alive and well and living . . . from day to day . . . in luxurious hiding. A former intelligence adviser to deposed Ugandan dictator Idi Amin and to Libyan strongman Muammar el-Qaddafi, Terpil moves incognito through a world that can only be compared to Robert Ludlum's fiction. He has played host to Carlos ("The Jackal") Ramires, he is a consultant to the PLO, he has contacts in more than a dozen foreign intelligence services on both sides of the ideological curtain, and he was the onetime business partner of renegade CIA agent Edwin P. Wilson.

Terpil became a fugitive in September 1980. He fled to Syria to avoid trial on charges stemming from a scheme to sell 10,000 British Sten guns to undercover detectives posing as revolutionaries. Terpil and an associate, Gary Korkala, were both tried in absentia, in New York, and sentenced to fifty-three years in prison with the recommendation that neither man receive parole. That, however, was only one of the charges against Terpil. Other counts against him still outstanding involve the alleged training of terrorists in Libya, the illicit transfer of explosives aboard a commercial airliner, violations of passport laws and the Foreign Agents Registration Act, and solicitation to murder.

Before the indictments came raining down upon him, Terpil was a respected, if somewhat mysterious, man of affairs. Brooklyn-born and -bred, he retired from the CIA in 1971, having spent seven years as a communications technician in the inner sanctum of the U.S. intelligence community. Streetwise and ambitious, he was a natural entrepreneur, with a penchant for big houses, big cars, petite mistresses, and enough servants to keep it all running smoothly. Well-liked, amoral, and superbly well connected, he became a middleman in the international arms bazaar, supplying weapons with silencing devices, binary explosives, poison kits, helicopters, electronic eavesdropping equipment, mili-

tary uniforms, mercenaries, and coups d'état to the highest bidders. It was literally a cutthroat business, and it proved to be a profitable one as well. Within a few years of leaving the CIA, Terpil was a multimillionaire, concealing his wealth through the anonymity of Swiss bank accounts and Liberian fronts while acquiring a Rolls-Royce, a small British hotel, objets d'art, and town houses in Washington, London, and Paris.

In the constellation of conspiracies known collectively as "the Wilson-Terpil case," Terpil remains the only indicted conspirator still at large. Edwin Wilson, lured back to the United States in 1982 by a canny federal prosecutor, proceeds from trial to trial, keeping his mouth shut while accumulating sentences of millenarian proportions. Gary Korkala, arrested in Spain earlier this year, was returned to the United States with the proviso that he would receive a new trial. Others implicated in the case have pleaded guilty to a variety of charges, and some have entered the government's Federal Witness Protection Program, and not a few have died—violently or unexpectedly. Among the last-named: Kevin Mulcahy, the ex-CIA officer whose ad hoc investigation of the case led to Wilson's exposure, was found dead at a motel in West Virginia; Waido Dubberstein, a top analyst with the Defense Intelligence Agency from whom Wilson allegedly purchased classified information for transmission to Libya, was found dead of a shotgun wound, apparently self-inflicted; and Rafael Villaverde, an anti-Castro Cuban hit man, is presumed dead after an explosion at sea, off the coast of Bermuda.

The importance of the Wilson-Terpil case goes far beyond the particular indictments brought to date. What is at issue is not only the question of who shot whom, and why, but also the pattern of violent criminal activity involving the corruption of public officials in Congress, the military, and the CIA; the sale of secrets and high-technology hardware to avowed enemies of the United States; and the extent to

which these commercial intelligence operations have compromised national security and the workings of the U.S. government. As our interview with Frank Terpil makes clear, there is a panoply of questions that remain to be answered. These questions concern the CIA's alleged involvement in opium trade; the relationship between the CIA and the mysterious Nugan Hand Bank; the use of CIA personnel to train Mehmet Ali Agca, the would-be assassin of the pope; Ed Wilson's relationship to South Korean intelligence agent Tong Sun Park; the CIA's apparent access to a stable of hired assassins; and the acquisition of assassination weapons by an elite American military unit stationed at Fort Bragg, N.C.

Because, of course, Frank Terpil did not sell his wares to terrorists alone: U.S. government agencies were also among his customers. Which raises the question: are the CIA and the American military still in the assassination business? If not, then why would the latter commission Terpil to acquire handguns that were not merely silent but "sterile"—i.e., manufactured in Switzerland and impossible to trace? So, too, when it came time for Terpil to hire a team of assassins to hit Libyan dissident Umar Abdullah Muhayshi, it was from a pool of CIA contract agents that the intended hit men were selected. If the CIA is not in the assassination business, then why does it employ agents known precisely for that expertise?

Reporter Jim Hougan's interview with Terpil took place in two stages, and on two continents. The first meeting occurred in the old-world atmosphere of a central-European country on the wrong side of the iron curtain. The second meeting took place on a small Caribbean island, at a lavish resort hotel frequented by rock stars and the very rich—including at least one other fugitive sought by Interpol.

Hougan reports: "In many ways Terpil remains the same person that he was before fleeing the United States, in 1980. A gifted raconteur with a million 'war stories,' each darker and funnier than its predecessor, he is also a candid critic of his own character. Unlike so many others who have been implicated in the legion of conspiracies that make up the Wilson-Terpil case, he does not claim to have been duped into criminality, nor does he suggest for a second (as others have) that he was operating secretly on behalf of the CIA. He says he did what he did for the money and for the excitement; which is to say that, however amoral Terpil may be, hypocrisy is not one of his sins.

"Terpil's life, however, has changed. As a fugitive who is never far from a war zone, he is accustomed to traveling light. Accordingly, he has little interest in the bulky status symbols of days gone by; indeed, it is fair to say that Terpil is at this point one of the least materialistic men on the planet. If it will not fit in his suitcase, he doesn't want it, because he knows that at

moment he might have to leave it behind. A second consequence of his fugitivity has been to make him an inveterate museumgoer and an omnivorous reader. He exhausts the sights wherever he goes—planning 'escape routes' on the way to, say, viewing a cathedral—and he devours a book a day. Terpil seems to have come to terms, indeed to be at ease, with the dangers and uncertainties that define his existence. Sought by Interpol, the Mossad, and the CIA, he has been kidnapped and released by Syrian intelligence agents, sheltered by the Israelis, and sniped at by the Christian Phalangists, and he figures prominently on the hit lists of former associates who fear what he knows.

"Sitting in a beach chair with a gin and tonic in one hand and *A Confederacy of Dunces* in his lap, Terpil looked during the interview like any other tourist with money to spend. The Rolex glistening on his wrist suggested a certain solvency. Months in the tropical sun had bleached his hair and tanned his body. The only thing that seemed to bother him was his ever present need of a gun. He carried it at the small of his back, wedged between his blue jeans and his tan, discreetly out of view under the flap of his sportshirt. Shifting his weight in the chair, he dug one of his feet into the white sand, sipped his drink, and nodded toward the yachts bobbing at anchor in the harbor. 'Bread alone,' he said, and grinned."

Penthouse: What was your life like before you fled the States?

Terpil: I was an up-and-coming Washington millionaire, with all the assets: big house, the right cars, the right address, office building, all the respectable amenities that go with success in Washington.

Penthouse: And your business?

Terpil: Import-export. I also owned a manufacturing business which aided law-enforcement agencies. I manufactured the Denver boot [a tire-locking device], for scofflaw parking violators.

Penthouse: Do you feel strongly about scofflaws?

Terpil: I probably ... (Laughs) Do I feel strongly about scofflaws?

Penthouse: Should someone who gets a ticket pay his debt to society?

Terpil: Well, short of capital punishment.

Penthouse: And yet, you're avoiding a sentence of fifty-three years.

Terpil: I wasn't there to receive it, unfortunately. I was planning to submit a blow-up doll with a little mustache on it; they could put the doll in for fifty-three years, but I don't know who would keep it inflated.

Penthouse: Well, in prison you never know. Was this your first offense?

Terpil: Yes. With the exception of normal juvenile delinquency.

Penthouse: What did you do as a juvenile?

Terpil: I sold a machine gun to an undercover policeman in New York.

Penthouse: And twenty-five years later?

Terpil: I sold another machine gun to another undercover policeman in New York.

Penthouse: But this time it was 10,000 submachine guns.

Terpil: Yes, but the product was the same.

Penthouse: Why did the authorities come down so hard on you? Why are they trying so hard to get you back?

Terpil: I think I was an enigma in their minds. They really could not place me, because of my CIA background. I was a missing link in a puzzle they couldn't understand. The trial in Washington was rather peculiar in that there were forty-two unindicted co-conspirators.

Penthouse: And you fled?

Terpil: From the New York case, not from the federal case.

Penthouse: What was different about it?

Terpil: First, I tried to hire the best attorney available who had connections in City Hall. I understood that there would never be a trial, that the fix was already in. That I would be required to pay \$50,000 up front, presumably to take care of Morgenthau [Manhattan district attorney], City Hall, and the underlings within the assistant prosecutor's office. And it was openly stated there would never be a trial. It would just go away, it would die.

Penthouse: You were told that?

Terpil: Yes. The fix was in.

Penthouse: Why, then, did you become a fugitive?

Terpil: Ah, because there was going to be a trial.

Penthouse: One of the federal charges against you was conspiring to assassinate Umar Muhayshi, a Libyan dissident.

Terpil: I supposedly utilized three Cubans who work for the agency. Their job was assassination, but on behalf of the United States government.

Penthouse: Are you saying these Cubans performed assassinations for the CIA?

Terpil: Yes. I asked—that's how we got them. They were well known to the agency.

Penthouse: Now, one of these Cubans, Rafael "Chi-Chi" Quintero, claimed he was a party at a meeting in Rosslyn, Virginia, and at that meeting a former CIA agent was present. Who was that CIA agent?

Terpil: Tom Clines. He had been director of training for the CIA's clandestine services.

Penthouse: Did that meeting have anything to do with Muhayshi?

Terpil: Yeah.

Penthouse: Rafael "Chi-Chi" Quintero has since testified that he and one of the other two Cubans, Rafael Villaverde, were led to believe they were to kill Carlos, the terrorist.

Terpil: That's ridiculous. Carlos was never mentioned. The Cubans backed out in Geneva, and the backout was for one reason: they wanted to know if there were Cubans in Libya. At that time Qaddafi did have some Cubans there, who were acting as his bodyguards. Rafael Villaverde jumped

up and said, "I'm not going to work for those guys. Those are fucking Castro agents." And he left. Quintero said, "Don't worry, we'll take care of him, we'll calm him down."

Penthouse: When you fled the States to avoid trial, what was on your mind?

Terpil: I was elated to avoid what I assumed would be a farce.

Penthouse: Why do you say that?

Terpil: The trial's outcome was predetermined. A judge was brought out of retirement, Judge Gallagher, known to be a personal friend of Morgenthau's. Why would they bring a judge out of retirement for one case? My lawyers told me, "Now, we've got a problem. When you show up Monday, you are not going to be released on further bail." So it seemed to me it was a one-act play from that point.

Penthouse: So it was a last-minute decision to flee?

Terpil: Definitely. Because if there were any possibility that I could have received a fair trial, I would have stayed. If I were going to run, I would have run when I knew of the indictment coming down from the federal authorities. Why pay another \$75,000 bail when I could have taken that \$75,000 and used it for my travels?

Penthouse: Having worked for the CIA in the past, were you worried that you'd get knocked off in prison?

Terpil: Not only worried about it. This was told to an attorney. He met with an FBI agent from Jersey City, who told him, "They [Terpil and Korkala] won't last eight months. They'll be dead in eight months." **Penthouse:** So you left. Did you leave in disguise?

Terpil: Yeah. I was under surveillance. There was a truck parked in front of my house, a moving van that supposedly had broken down and had been there for four days. I left as if I were going to the store, no baggage, no luggage. I made an alteration to my appearance, which took about twenty minutes.

Penthouse: Can you tell us what kind of alteration?

Terpil: No.

Penthouse: Okay. So where did you go?

Terpil: I left through Washington National, went to Mexico City, then to Houston.

Penthouse: Why?

Terpil: I had some very important business that I had overlooked.

Penthouse: And then where did you go?

Terpil: To Damascus, then to Beirut. Until some Syrian visitors came to my door. I was kidnapped from the restaurant that my partner, Gary Korkala, and I had bought.

Penthouse: You were going to become a restaurateur?

Terpil: Yes. As a matter of fact, it was the restaurant closest to the U.S. Embassy.

Penthouse: And what happened from the moment you were kidnapped?

Terpil: I was blindfolded, handcuffed, stuffed in a Mercedes. A second person was stuffed in the Mercedes with me. It turned out to be Gary. We were driven to

the intelligence prison in Damascus.

Penthouse: What did you think was going to happen to you?

Terpil: I had no idea. The initial accusation was that I was a spy for the CIA. Then they thought I was a spy for the Mossad (Israeli intelligence). Then they went back and questioned me about my travels in the Middle East. What they tried to do was fabricate a case that I was [still] a CIA agent.

Penthouse: Which is not true?

Terpil: Which is not true, but the more I denied it, the more they were convinced that I was.

Penthouse: What was prison like?

Terpil: Prison conditions were absolutely horrible. It was similar to the comic strip "The Wizard of Id." The dungeon was exactly two meters long by one meter wide. Nothing in the room. No bed. Nothing. You sleep on the floor. It's underground. No windows. No lights. There's a steel door. You're in solitary.

Penthouse: Were you beaten?

Terpil: Yes, but that's normal. All prisoners are beaten. I didn't know what time it was, what day it was. I attempted to keep track of time by counting the meals.

Penthouse: Gourmet meals?

Terpil: The meals could be termed "early survival." In the morning, you got halvah and a bowl of water. Then lunch, rice with some bugs. At supper... well, they claimed it was a soup. There was no exercise at all. You come out of the room for

interrogation, and that's it. And the interrogating cells were approximately fifteen meters away. So you couldn't sleep, because the people would scream all night.

Penthouse: Did you have second thoughts about leaving the States?

Terpil: No. A prison is a prison. I just made up my mind: make the best of it.

Penthouse: Your partner, Gary Korkala, was also imprisoned and interrogated.

Terpil: Yeah, but he was released because he agreed to cooperate.

Penthouse: Did he make statements about you?

Terpil: He made statements that I was a CIA agent.

Penthouse: How were you released?

Terpil: It was Arafat got me out. Arafat said, "We know he's in jail there. I want him out, here in Beirut." No questions. And I was out. No explanation, nothing.

Penthouse: What was your condition?

Terpil: (Laughs) I probably looked like a thinner version of Howard Hughes, but a filthier version at that point. I was released in April '82, after six months, and at that time I had not had a shower since late December. Washing was prohibited. Also, I didn't cut my hair and my beard was down to about chest length. I was down to 135 pounds.

Penthouse: From what?

Terpil: About 270. I went from a size 44 waist to a 32. They came one morning and said, "Get ready, you're leaving." I

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thought I was getting ready to leave for another prison. They took me blindfolded. When I got outside, they stuffed me inside a Peugeot, took my blindfold off, took my handcuffs off, and drove me on the road to Lebanon. I had my own clothes, which I had to hold up by a string they gave me. And I must have been really reeking. My hair was matted like dreadlocks. And the food was all encrusted in my beard. I felt squeamish about being myself. They took me across the Syrian-Lebanese border and stopped the car in the middle of nowhere. I figured, "This is it. They're going to knock me off right here. This is the traditional dumping ground." But they said, "Get out. That way is Chitaura, this way is Baalbek. Good-bye."

They gave me my watch back and 200 Lebanese pounds. I got into Chitaura with no documentation at all. I asked for a cab to get into Beirut. The taxi driver said, "Let me see the money first." I said, "I can't pass any checkpoints, because I don't have identification," meaning I couldn't pass any Christian checkpoints, because obviously I would have been bagged for sure. And he said, "No, no, we're going around by the airport."

I got into Beirut. I went to Gary's flat and the concierge told me Gary was not there. I said, "Where is he?" He said something about Spain. I thought he said Gary had opened up a Spanish restaurant. So I went over to the girlfriend's house. I said,

"Where is Gary?" and she said, "Gary's in jail." I said, "What? Where?" I thought he'd been put back by the Syrians. She said, "He's in Spain." I said, "In jail? In Spain?" I couldn't even comprehend how the hell he got to Spain.

Penthouse: Then what happened?

Terpil: Then the hell-inspired who sought to destroy world tranquility/Broke my bubble in Beirut with their artillery.

Penthouse: The Israelis invaded. They shot your bubble away.

Terpil: They shot my bubble away.

Penthouse: What was it like being in Beirut, a recently released fugitive who couldn't go back to the States? And with the Israelis moving toward your apartment?

Terpil: The initial reaction, believe it or not, was one of relief, of elation. I had anticipated it would be only a matter of time before the Syrians came with one of their assassination squads and attempted to get me again. Very few people leave Syrian prisons alive. And those who do have a high mortality rate on the street.

I did not anticipate the Israelis would cross the Litani River. I didn't think they'd come as far as the airport. Normally they would come, cause some problems, bomb for one or two days, and then go home again. Then they crossed the Litani River. Now I realized they weren't going to go back home. So we mustered the courageous Palestine Liberation Army,

weapons were freely distributed on the streets to any and all who thought they could use them, and we just settled down for the invasion of West Beirut, anticipating house-to-house fighting.

There were notices on the radio for Americans to evacuate. American ships were being brought in. Naturally, I didn't care what they brought in. I couldn't go to the Americans and say, "Hey, here I am. I'm a citizen. I plan on leaving." And there was a big problem getting over to East Beirut, because the Phalangists weren't stupid. They knew I worked with the PLO.

I was, for all intents and purposes, PLO, not American. I couldn't leave. Ships going to Cyprus were being intercepted by Israeli patrol boats; I had no choice but to stay and fight.

Penthouse: Were you armed?

Terpil: Everybody's armed in Beirut. That's like wearing clothes.

Penthouse: What were you armed with?

Terpil: Grenades, AKs, the standard issue

Penthouse: What happened?

Terpil: I had a very beautiful flat. Unfortunately, it looked into both East and West Beirut—it had huge balconies. So we were caught in a cross fire. If you wanted to get coffee in the kitchen, you had to make sure the kitchen was not under siege. We kept little Coleman stoves in the hallway, in the living room. You actually had to establish a little kitchen in every room, because you didn't know which room might be under fire.

Penthouse: It came time to leave. What happened?

Terpil: The Israelis broke through on Museum Road. And when they broke through, I knew we weren't going to stop them. They were approximately fifty meters down the road. Then, on the other side, they occupied everything to the east. They had us encircled.

Penthouse: How did you leave?

Terpil: PLO. I had the fighter's uniform: kaffiyeh, AK—and sunglasses, of course.

Penthouse: You had your Rolex?

Terpil: I had my uniform buttoned down over the Rolex. Not too many PLOs wearing Rolexes that day. We infiltrated the lines to reach the port area. There must have been 1,000 to 1,200 people in uniform in the port, all trying to get out of the place. I left on a PLO ship.

Penthouse: Where did you go?

Terpil: I went to the camps in Tunis. From Tunis many of the PLO people infiltrated back to Beirut, via Syria and Jordan.

Penthouse: They went right back?

Terpil: When I was at the port, I witnessed these people kissing their wives and children good-bye, and the children and wives returned to Sabrah and Shatilla. A week later, these same people were dead, massacred. Now you have these men hearing newspaper reports, assuming the worst. In most cases it was a justifiable assumption. So you had these people saying, "I'm not going to stay in Tunis. For what?" They defied Arafat. They went back, as many as two and three hundred



INTERVIEW

CONTINUED FROM PAGE 134

at a time, back into the Bekaa Valley, and when they were not provided with weapons, they said, "Fine. We'll fight on the Syrian side."

Penthouse: So that's what started the PLO split?

Terpil: That's what started it. These people didn't have families anymore. They demanded retaliation. At the same time, you had Arafat saying, "We're going to try to settle this diplomatically. We scored a victory in Beirut."

"What victory?" these people wanted to know. "We walked out with our tails between our legs. That's a victory? And our families were slaughtered right after that?"

So now you have these people with no families. What have they fought for? They've fought for nothing. They have no house, they have no personal belongings, they have no families, they have nothing. These people are like living shells. They're not going to listen to Arafat. They listened to Arafat once. Why listen to him? Why not listen to George Habash? Why not listen to Abu Nidal? Retaliate. Retaliate. An eye for an eye, a tooth for a tooth. They're death squads. They volunteer, as suicide squads. They have nothing else to live for. So... they went down into Bekaa.

The massacre toll was higher than the press said. They bulldozed people under houses. There were mass graves. No one will ever know the death toll. But I would say it probably runs between two and three thousand.

Penthouse: Is it your view, then, that the PLO has only one road to follow: terrorism?

Terpil: Yes. And not only in the Middle East. The United States is not immune. It hasn't happened yet. But there are a great many Palestinians in New York, Miami, California—Palestinian students who consider themselves warriors at this point. And there could be occurrences.

Penthouse: Such as?

Terpil: Such as the Olympics.

Penthouse: Let's talk a bit about your life since then. Do you still carry a weapon?

Terpil: Yes. A Makarov.

Penthouse: Why?

Terpil: I wish it were unnecessary. I'm not a cowboy. But I'm not going back to negotiate a fifty-three-year sentence.

Penthouse: You'd get out at ninety-six.

Terpil: They probably wouldn't have license plates by then.

Penthouse: Before you became an undercover tourist, you were associated with a number of very dictatorial regimes. The one in Uganda, for example. Have your politics changed?

Terpil: Sure.

Penthouse: What's changed you?

Terpil: Being forced to live within the community of these people. Hearing what they feel. Imperialism is, capitalism is. And, of

course, one of the primary factors was finding an artillery shell in my bedroom that had "California Ordnance Depot" on it. I really felt a little bit miffed about that—my tax dollar was trying to destroy me!

Penthouse: But it's not your tax dollar. You have an outstanding tax bill of about 4 million dollars.

Terpil: Four and a half, or something.

Penthouse: You ought to be booted.

Terpil: Ha, ha, ha, ha.

Penthouse: You've traveled in Central America recently. How do you feel about what's going on there?

Terpil: I never have been against covert action, but in Nicaragua you had Somoza—an absolute dictator. People accuse me of being friendly with Idi Amin, but Somoza was worse than Idi Amin. However, he graduated West Point; he's a friend of the United States. Finally, a radical group said, "Hey, it's about time the people had a cut of the pie." They're not Communists, they're just looking for a

Beirut was a testing ground for live experiments with the latest developments of U.S. weapons. To prove the vacuum bomb was feasible, 283 people were killed.

piece of the action for the people. Ironically, they take over the country through covert action.

So Somoza is gone. He runs off with his millions or billions, and he goes to Miami. Now, suddenly, he becomes an embarrassment to the United States. My God, we can't have Somoza in the country. Everything Carter said about human rights, Somoza did the opposite. So, we've got to get rid of Somoza. Send him to South America someplace, get rid of the guy. Somoza gets killed. Very, very mysterious circumstances—how he was killed. People knew he had an armored car, so they use the appropriate weapon, a 3.5 rocket launcher, which is manufactured only in the United States. The people had American equipment—I'm talking about radio equipment. They were dressed, ironically, in red wigs, similar to Howard Hunt. Maybe they came from the same source. [Howard Hunt wore a CIA-supplied wig for a clandestine interview with Dita Beard, an ITT lobbyist.]

But to get back to what the United States is doing. The Sandinistas have actually made overtures toward the United States. They are not so pro-Soviet, or so

pro-Cuban, as everybody would say. But the Russians and Cubans are the people who have offered them aid. What is the United States going to do? It will continue its covert action against them.

Penthouse: You've dealt with, among others, Amin and Qaddafi, neither of whom is or was controllable by the United States.

Terpil: That's why they're despised.

Penthouse: At the same time, you make the point that Somoza was, in many ways, as bad as or worse than Amin. The same can be said of other dictators the United States supports. If you had dealt only with controllable dictators, would you be in the "public-relations crisis" that you are in?

Terpil: I could have sold the central equipment that I have been alleged to have sold, to General Pinochet of Chile, or to Somoza, and I would not be in any problem whatsoever.

Penthouse: What kind of equipment?

Terpil: We're talking about silent weapons; we're talking specifically about assassinations or covert activities. The weapons that I sold—my sources for them were the exact same sources the CIA uses. Do you see the CIA under indictment? The same laboratory that developed remote-detonation equipment for the CIA, I used. The only difference was I sold mine to Qaddafi. The CIA was giving theirs away to other countries that were, let's say, more friendly. But the use was the same. The use was for remote detonation, for clandestine explosives, for assassinations. Now how do you differentiate which is bad and which is good?

Beirut was a testing ground for live experiments with the latest developments of U.S. weapons. The vacuum bomb, for instance. A vacuum bomb is dropped from an aircraft and explodes above the target. The air rush implodes the building, causing no damage to the surrounding area but killing everything within that building. They used this flimsy excuse in Beirut they "thought" Yassir Arafat was in the building. That's total bullshit. Israeli intelligence has been known to be more exact than that. They killed 283 people, mainly to prove that the vacuum bomb was a feasible weapon.

Penthouse: You were charged with having trained people, Libyans and others, in assassination techniques. You've gone to U.S. military personnel or CIA personnel. Why is it they have this kind of expertise?

Terpil: Because they were trained by the U.S. government in this expertise.

Penthouse: Why?

Terpil: It's being used. As a matter of fact, while under indictment in New York I had in my possession two U.S.-government arms licenses. I was picking up from Newark Airport a special pistol made by a Swiss industrial group, an assassination weapon for the U.S. Special Forces. We were asked by the U.S. Special Forces Group, Delta Division, of Fort Bragg, North Carolina, to come up with a suitable foreign-manufactured pistol with silencer and poison bullets. That was a United

States-government project.

Penthouse: For their use?

Terpil: Of course for their use. The toxin was to be from nicotine, an extremely fast-acting poison. Nicotine sulphate. If you just got scratched on the arm or anywhere you'd be dead in a matter of seconds.

Penthouse: What would you have sold that gun for?

Terpil: Roughly \$245. The siencer would have been, possibly, an additional \$110. This was in quantity.

Penthouse: We understand you know something about a number of DEA agents who were sent down to Florida, and then to Central America.

Terpil: They're not DEA agents; they're CIA agents.

Penthouse: Explain.

Terpil: Okay. A number of CIA agents were let go in the early 1970s, in mid-career. They had, possibly, fourteen or fifteen years' service and all of a sudden they find pink slips on their desks. Where do these people go? They show up in DEA. Their operational methods haven't changed, except they now have greater flexibility. They're not encumbered by ridiculous rules and regulations. If they want to blow a guy's head off, that's the fastest way to get rid of him.

Now several hundred people assigned by President Reagan are supposedly assigned to Miami. Where are these people? They went right through Miami into Central America. Central America now had the biggest DEA force in the world. What is the DEA doing? CIA activities. How do you differentiate between CIA and DEA?

Penthouse: Okay, while we're talking about Miami, let's talk a bit about the controversies that have surrounded the Miami CIA station.

Terpil: The significance of Miami is the drug syndicate. Miami's the base. The people that I hired from the agency to terminate other people are there. [Terpil, giving names, then alleged that two former, highly placed CIA officers were responsible for the following scheme.] They got involved in this big drug scandal, which was whitewashed. Where do the drugs come from? Laos. Where did the money come from? Nugan Hand Bank. [Amid allegations of corruption and international drug traffic, the Nugan Hand Bank, a Far East bank with branches worldwide whose officers included many ranking members of the U.S. intelligence establishment, went bankrupt in 1981.] The idea was: in the Golden Triangle [of Laos] you had to buy warlords. How do you do that? You gave them more money [than the going market rate] for their product. Now what do you do? You sell the opium through Singapore, Hong Kong, and Delhi. You reinvest the profits in your own operations. The money is brought to Kabul and deposited in the First National City Bank of Afghanistan. The other bank was Nugan Hand—that's where the transfers went. Now you've got an accelerated fund. Now you've got all this goddamn money, and



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Penthouse: So you're saying that the agency would provide gold, which would then be flown into the Golden Triangle.

Terpil: To pay for the drugs.

Penthouse: And these would then be sold in any of three cities, and the money put into different banks?

Terpil: Then farmed back into the agency accounts.

Penthouse: Into the operations in Alice Springs?

Terpil: Right. A lot of money.

Penthouse: Okay, let's move on to Libya. You stated at one time that the first Libyan attempt to invade Chad took place on the basis of information that came, indirectly, through the agency. Can you elaborate?

Terpil: Wilson and I were in Libya. No big secret. Qaddafi entertained thoughts about invading Chad. However, Qaddafi had no knowledge of two key factors. One, would France come to the aid of Chad? Two, what were the capabilities of Chad's army and air force?

Wilson was hired to provide what is called an Order of Battle [OB] plan. It's a complete capability [breakdown] of troop strength, morale, physical capabilities—weak spots and strong spots. Wilson knew, and I knew, that it was impossible to obtain this except through the Defense Intelligence Agency or the CIA. Wilson went to a high-level CIA officer to see if he could assemble an OB, knowing full well where the CIA officer would go to obtain the information. The officer was paid \$50,000 for the OB. Now, this man, who is not an expert in these affairs at all, had to rely on the help of people who work with this on a daily basis, one of whom was Waldo Dubberstein. Dubberstein, unfortunately, had a hunting accident in the laundry room of his girlfriend's apartment.

[In April 1983, Waldo Dubberstein was found dead in the basement area of an Arlington apartment he shared with his girlfriend. Police said he had been shot once in the head with a 12-gauge shotgun, which was found near his body. Dubberstein, a former CIA officer and analyst for the Defense Intelligence Agency from 1975 to 1982, had been indicted two days earlier by a federal grand jury. He was charged with seven counts of conspiracy, unauthorized disclosure of classified information, and bribery. The grand jury alleged that Dubberstein turned over—both to Ed Wilson and directly to Libyan intelligence—sensitive summaries and analyses of Middle East affairs beneficial to Libya. The indictment alleged that he received more than \$32,000 from Wilson in return.]

Penthouse: So Wilson went to this high-level CIA officer, and he went to Dubberstein?

Terpil: Yes.

Penthouse: Did Dubberstein get it?

Terpil: Yes. Dubberstein actually made a trip into Libya with this information.

Penthouse: And for this the high-level CIA officer was paid \$50,000?

Terpil: Yes.

Penthouse: What would Wilson have charged for such services?

Terpil: Three hundred thousand to \$400,000.

Penthouse: Let's talk a bit about Ed Wilson. Did he know the Korean Tong Sun Park?

Terpil: Yes. When Park disappeared into London, Wilson had all the unlisted phone numbers and was in direct communication with him on many, many occasions.

Penthouse: Park, of course, was a KCIA agent?

Terpil: Of course.

Penthouse: And Wilson was a CIA agent.

Terpil: Yes.

Penthouse: It was alleged, among other things, that Park was involved in possible

The weapons I sold . . .
for assassinations or covert
activity . . . my sources
were the exact same sources
the CIA uses. Do you
see the CIA under indictment?

bribery of certain congressmen. Was the agency aware of this?

Terpil: I don't see how they could not be aware of it. Wilson was one of the original members of the Georgetown Club. He was also a charter member of the University Club. None of this was arranged for him through his own introductions.

Penthouse: Then through whom?

Terpil: The Company—the agency. The agency gave Wilson this profile of having all this money and everything else.

Penthouse: It's been alleged by Jack Anderson that the Justice Department was investigating statements that payments were made secretly to Senator Strom Thurmond by a middleman acting for Ed Wilson. Could you tell us about that?

Terpil: The courier who testified about dropping the money was Kevin Mulcahy. He worked for both Wilson and me. He stated that the drop was made to another courier, a prominent Washington socialite, in front of the passport office on 14th and K. Mulcahy would give him an attaché case. And the payments were in increments of \$4,000.

Penthouse: Not a pretty picture.

Terpil: Right. American politics is so fuck-

corrupt it's unbelievable. When they take their finger at somebody else, they really should look in their own backyard.

Penthouse: You said you wanted to talk about a Turkish organization known as the Gray Wolves. Let's talk about it.

Terpil: The Gray Wolves are an ultra-right Turkish political group that felt Turkey might go to the left. They took it upon themselves to make sure Turkey stayed to the right—by means of extreme measures. It's a paramilitary group.

Penthouse: Who financed it?

Terpil: The chief financier was a Muslim who held Nazi political ideas. He married an extremely wealthy woman in Turkey. He is today probably one of Turkey's wealthiest people. He was elected to the Turkish parliament and became a deputy of the Turkish Justice party. Then he took it upon himself to become the protector of the Right in Turkey. He came to the United States on several occasions. He went to the CIA for funding. He went to the shah of Iran, too. Apparently he met with limited success, and he basically financed his own operation.

Penthouse: Who trained his private group?

Terpil: He got what he felt was the best. He had North Koreans training the group in karate. For clandestine eavesdropping, he had some West Germans. For possible assassinations, and in what we call "bang and boom," an active-duty CIA officer was hired on a personal basis, while on his annual leave, to train the Gray Wolves. He was a contact of Ed Wilson's. And he actually spent two weeks in Istanbul.

Penthouse: Is it true that one of the people who underwent training with the Gray Wolves was Mehmet Ali Agca, who is accused of attempting to assassinate the pope?

Terpil: Yes.

Penthouse: Don't you think it's ironic that while it has been alleged that the assassin was working in behalf of the Eastern bloc, his training came, indirectly, through the agency.

Terpil: Yes, but you cannot blame the agency for specifically training him to go after the pope.

Penthouse: You're on the run; you're carrying a gun, you rely on phony names, false passports. You travel out of a suitcase and live in hotels, admittedly extremely nice hotels. But you can't really hold on to anything. Does that bother you?

Terpil: It would bother me a lot more if I were restricted to a five-by-seven cell.

Penthouse: Ed Wilson, it is rumored, passed along a message that you had placed a contract on Assistant U.S. Prosecutor Larry Barcella. Is that true?

Terpil: Total bullshit. Barcella has his job. I have no personal animosity. If Barcella gets his jollies by throwing someone in the slammer for fifty years, that's good for Barcella. I personally don't want to be a victim of any of his successes. Really, if I met the guy on the street I'd probably buy him a drink. O—

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
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FOI/PA# 21-cv-5450

Total Deleted Page(s) = 1
Page 527 ~ b6 - 2, -3; b7C - 2, -3; b7D - -2;

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FM DIRECTOR FBI

TO FBI ALEXANDRIA ROUTINE

FBI WASHINGTON FIELD ROUTINE

BT

~~SECRET~~

FRANCIS EDWARD TERPIL - FUGITIVE; ET AL.; RA LIBYA, CONSPIRACY,
SOLICITATION TO COMMIT MURDER; OO: ALEXANDRIA;

[REDACTED] IT-MZ, NEUTRALITY MATTERS; OO: WFO.

BY TELETYPE DATED NOVEMBER 14, 1984 LEGAT PARIS ADVISED:

THIS ENTIRE COMMUNICATION IS CLASSIFIED ~~"SECRET"~~.

RE LEGAT BERD TEL TO DIRECTOR DATED MARCH 2, 1984, CAPTIONED

[REDACTED] IT-ME, NEUTRALITY MATTERS; OO: WFO"

AND BUTEL OF MARCH 5, 1984, SAME CAPTION.

LEGAT PARIS IN PROCESS OF REVIEWING TERPIL FILE, NOTES
THAT REFERENCED COMMUNICATIONS INDICATE THE EFFORTS OF THE BUREAU TO
DETERMINE THE WHEREABOUTS OF TERPIL, INCLUDING AN ATTEMPT TO

IT IS NOTED BY CASE AGENT
[REDACTED] THAT NO INPUT
WAS REQUESTED OR AUTHORIZED
BY OO FROM FBIHQ.
THIS COMMUNICATION RECEIVED
BY SA [REDACTED] ON 3/11/88
AMF

SEARCHED INDEXED
SERIALIZED FILED

NOV 1 1984

FBI 21-6-50-1246

b3 -1
b7E -1

b6 -2
b7C -2

b3 -1
b6 -1
b7C -1
b7E -1

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED EXCEPT
WHERE SHOWN OTHERWISE.

Number 58,205
references in indices

Classified by SP7 MAC/BK
Declassify on: OADR
4-18-88

PAGE TWO DE HQ ETCS ~~SECRET~~

DETERMINE THE TRAVEL PLANS RECENTLY OF [REDACTED] [INASMUCH AS
TERPIL REMAINS IN FUGITIVE STATUS, LEGAT PARIS IS CONSIDERING
APPROACHING ESTABLISHED BUREAU SOURCES IN AN EFFORT TO DEVELOP
INFORMATION CONCERNING TERPIL. IN ORDER TO DETERMINE THE
FEASIBILITY OF THESE CONTACTS, LEGAT PARIS REQUESTS FBIHQ
TO FURNISH A SYNOPSIS AND UPDATING OF THE CURRENT STATUS OF
THE INVESTIGATION OF TERPIL AND [REDACTED] SINCE MARCH, 1984,
TO INCLUDE ANY LEADS OR RESULTS OF THE REPORTED INTERVIEW OF
TERPIL BY PENTHOUSE MAGAZINE. IN ADDITION, HAS FBIHQ MAINTAINED
CONTACT WITH DOJ ATTORNEY [REDACTED] FOR AN UPDATE OF
HIS MOST RECENT INFORMATION AND EFFORTS CONCERNING TERPIL?

b6 -2
b7C -2

b6 -2, -4
b7C -2, -4

LEADS: LEGATS BERN AND LONDON RE REQUESTED TO FURNISH
ANY NEW INFORMATION SINCE MARCH 3, 1984, BERN TELETYPE WHEREBY
SWISS AUTHORITIES ADVISED THAT [REDACTED] AS OF MARCH 5, 1984, WAS
IN LONDON. ~~(S)~~

BASED ON THE RESPONSES TO THE ABOVE, LEGAT PARIS WILL
[CONSIDER THE FEASIBILITY OF CONTACTING ESTABLISHED SOURCES IN
~~(S)~~AN] ATTEMPT TO DETERMINE TERPIL'S WHEREABOUTS. LEGAT PARIS
FURTHER REQUESTS SUGGESTIONS AND/OR GUIDANCE FROM FBIHQ CON-

~~SECRET~~

PAGE THREE DE HQ 0036 ~~SECRET~~

CERNING APPRIOPRIATENESS OF FURTHER EFFORTS TO DETERMINE WHERE-
ABOUTS OF TERPIL.

~~C BY C-3, DECL ON OADR~~

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~~SECRET~~

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FM DIRECTOR FBI

TO FBI ALEXANDRIA ROUTINE

FBI WASHINGTON FIELD ROUTINE

BT

~~SECRET~~

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED EXCEPT
WHERE SHOWN OTHERWISE.

Classified by SP7mac/RSK
Declassify on: OADN
4-18-88

FRANCIS EDWARD TERPIL - FUGDZIVE; ET AL.; RA LIBYA, CONSPIRACY,
SOLICITATION TO COMMIT MURDER; OO: ALEXANDRIA;

[REDACTED] IT-MZ, NEUTRALITY MATTERS; OO: WFO.

b6 -2
b7C -2

BY TELETYPE DATED NOVEMBER 14, 1984 LEGAT PARIS ADVISED:

THIS ENTIRE COMMUNICATION IS CLASSIFIED "~~SECRET~~".

RE LEGAT BERN TEL TO DIRECTOR DATED MARCH 8, 1984, CAPTIONED

[REDACTED] IT-ME, NEUTRALITY MATTERS; OO: WFO"

AND BUTEL OF MARCH 5, 1984, SAME CAPTION.

LEGAT PARIS IN PROCESS OF REVIEWING TERPIL FILE, NOTES
THAT REFERENCED COMMUNICATIONS INDICATE THE EFFORTS OF THE BUREAU TO
DETERMINE THE WHEREABOUTS OF TERPIL, INCLUDING AN ATTEMPT TO

b3 -1
b7E -1

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SEARCHED	INDEXED
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NOV 1984	
FBI/21-cv-5450-1249	

PAGE TWO DE HQ 0006 ~~SECRET~~

DETERMINE THE TRAVEL PLANS RECENTLY OF [REDACTED] [INASMUCH AS
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THE INVESTIGATION OF TERPIL AND [REDACTED] SINCE MARVH, 1984,
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b6 -2
b7C -2

b6 -2
b7C -4

LEADS: LEGATS BERN AND LONDON RE REQUESTED TO FURNISH
ANY NEW INFORMATION SINCE MARCH 8, 1984, BERN TELETYPE WHEREBY
SWISS AUTHORITIES ADVISED THAT [REDACTED] AS OF MARCH 5, 1984, WAS
IN LONDON. ~~(S)~~

BASED ON THE RESPONSES TO THE ABOVE, LEGAT PARIS WILL
~~(S)~~ CONSIDER THE FEASIBILITY OF CONTACTING ESTABLISHED SOURCES IN
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FURTHER REQUESTS SUGGESTIONS AND/OR GUIDANCE FROM FBIHQ CON-

~~SECRET~~

PAGE THREE DE HQ 0006 ~~SECRET~~

CERNING APPROPRIATENESS OF FURTHER EFFORTS TO DETERMINE WHERE-
ABOUTS OF TERPIL.

~~CV-6-3, DECL ON DASH,~~

BT

#0006

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~~SECRET~~

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6-20-88 BY SP5 CJA

b3 -1
b7E -1

ABL:baw

On January 24, 1985, SA [redacted] met with [redacted] (protect identity per request for confidentiality) b6 -1, -2, -3
[redacted] Source b7C -1, -2, -3
[redacted] b7D -2
[redacted] had been contacted by [redacted] (see enclosure) who claimed
to be [redacted] GARRETT BROCK TRAPNELL, now in the
Federal prison in Marion, Illinois. Apparently TRAPNELL is
trying to sell a story about his prison life and life in
maximum security with other notables such as [redacted]
[redacted] and EDWIN PAUL WILSON.

Writer was contacted by source to determine the Bureau's
interest in any information concerning WILSON. Writer stated
that the Bureau's interest would mainly lie in any efforts
WILSON may take in the way of plotting illegal activities such
as he has in the past while in prison. Source was familiar
with WILSON past murder-for-hire schemes.

Source and writer then discussed a public accounting
of TRAPNELL's lurid past which includes aircraft hijacking,
armed bank robbery, extortion, smuggling, securities theft,
kidnapping and notably his escape attempts from Federal prison.
In May of 1978, TRAPNELL, while in the Marion facility convinced
BARBARA ANN OSWALD whom he had known only a short time, to obtain
guns, rent a helicopter, then hijack it in an attempt to make a
"Mexican Jailbreak" also known as (aka) CHARLES BRONSON's movie
Breakout. Unfortunately, OSWALD was shot and killed by the
pilot and the helicopter crash landed just outside the prison.
This was the subject of extensive media coverage and Bureau
file #164-5015.

A book has been written about TRAPNELL - "The Fox
is Crazy Too" by ELIOT ASINOF, published by WILLIAM MORROW &
COMPANY.

The following general data is set out here about
TRAPNELL from a review of the above mentioned file:

Full Name:	GARRETT BROCK TRAPNELL
DPOB:	1/31/38 in Boston, Massachusetts
Height:	5'11"
Weight:	174 lbs.
Hair:	Brown
Eyes:	Blue
U.S.B.P. #:	72021-158, currently housed in the maximum security K-Unit at Marion F.C.I., Illinois.

b3 -1
b7E -1

[REDACTED]

TRAPNELL is currently serving two life sentences plus several other lengthy sentences for his various aforementioned crimes. He is considered by prison authorities to be ruthless, dangerous, and an escape risk. Apparently in May 1980, TRAPNELL tried to mount a campaign of sorts for the U.S. presidency from his prison cell. He called his party the Nationalist Christian Democratic Party.

After discussing this situation with AUSA [REDACTED] D.D.C., who controls WILSON's visitor list, source was told the FEDERAL BUREAU OF INVESTIGATION (FBI) would be glad to accept any information on illegal activities of any of the above mentioned inmates provided by TRAPNELL.

ABL:baw

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6-20-88 BY SPS *ce/am*

b3 -1
b7E -1

On January 24, 1985, SA [redacted]

(protect identity per request for confidentiality),

Source

had been contacted by JAN JABEN (see enclosure) who claimed to be [redacted] GARRETT BROCK TRAPNELL, now in the Federal prison in Marion, Illinois. Apparently TRAPNELL is trying to sell a story about his prison life and life in maximum security with other notables such as [redacted] and EDWIN PAUL WILSON.

b6 -1, -2, -3
b7C -1, -2, -3
b7D -2

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b3 -1
b7E -1

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b6 -4
b7C -4

December 8th, 1984

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6-20-88 BY SP5 CJA/h

b6 -3
b7C -3
b7D -2

Confidential Query

Dear [redacted]

b6 -2, -3
b7C -2, -3
b7D -2

Where does the federal government put those convicts so notorious they cannot fit into a simple Leavenworth, Atlanta, or even a Marion? Where is the government hiding the Ed Wilsons [redacted]

Control [redacted] Where are the C.I.A. agents, spies, notorious authors, and political murderers kept?

In K-Unit: a prison facility, located in the basement of the nation's most maximum security prison, so secret Congress doesn't even know it exists. A facility so sensitive that one can find no mention of it in the Federal Register; a place referred to as America's Spandau. Forbidding, literally a dungeon; it costs the tax-payers upwards of seventy thousand dollars per prisoner per year to maintain. It is a unit capable of housing only seven prisoners; prisoners whose names come straight from the nation's headlines: Ed Wilson.

b6 -2
b7C -2

If you would be interested in seeing the article on K-Unit, and its inhabitants, which I, and free-lance writer [redacted] are working on, please don't hesitate to contact us at: [redacted]

b6 -2
b7C -2

Thank you in advance for your kind consideration.

Sincerely yours,

b6 -2
b7C -2

cc:

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 6/5/85

TO: DIRECTOR, FBI
 ATTN: CID, FUGITIVE UNIT
 AND INTELLIGENCE DIVISION

FROM: SAC, JACKSONVILLE [redacted] (RUC)

SUBJECT: FRANCIS EDWARD TERPIL, aka -
 FUGITIVE (A);
 ET AL
 RA - LIBYA;
 CONSPIRACY; SOLICITATION
 TO COMMIT MURDER
 OO: ALEXANDRIA

Re Alexandria airtel dated 5/22/85; and teletype dated 4/10/85.

On 6/21/85, [redacted]

was interviewed and she advised as follows:

The last contact with her [redacted] captioned subject, was 12/10 and 12/11/82, when he called [redacted] and the day after in that she could not talk long on 12/10/82. Prior to this, the last personal contact was during 1980 in Beirut, Lebanon, when [redacted] TERPIL'S apartment in that [redacted] that TERPIL was married [redacted]

[redacted] She went to the [redacted] apartment due to learning that this [redacted] was [redacted]

[redacted] Was to be part of a documentary being filmed about captioned subject. She did not like the fact that [redacted] in the documentary. The documentary was believed to be shown on 60 Minutes and filmed by [redacted] has a copy of this video tape which was recorded in England and may require a special video recorder to replay it.

3 - Bureau
 2 - Alexandria [redacted]
 2 - Jacksonville

Approved:

PS:psd
 (7)

Transmitted

(Number)

(Time)

Itzpatrick

2526
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 SERIALIZED FILED

Continued Office 198A-434/813/8249

FIA

1-CV-5450-1258

b3 -1
 b7E -1

b6 -2
 b7C -2

b6 -2
 b7C -2

b3 -1
 b6 -1
 b7C -1
 b7E -1

[redacted]

She has heard rumors that TERPIL'S [redacted] has entered and exited the United States but could not provide the identity of the source of this information nor whether or not it was factual. She has no reason to believe that TERPIL would return to the United States at this time. In the event that he did return to the United States, she plans to have her attorney file charges relative to [redacted] from TERPIL. She does not know where he is nor where he could be expected to be located in the future other than the fact that she learned from AUSA [redacted] that he may have been in Morocco.

b6 -2, -4
b7C -2, -4

The only people she could think of that might know his whereabouts are the following:

- (1) [redacted] who is [redacted] and may try to TERPIL, who resides in the Washington, D.C. area [redacted]

b6 -2
b7C -2

- (2) [redacted] (phonetic) and [redacted] who

b6 -2
b7C -2

[redacted] in approximately late 1977. [redacted] is in bad health and is described as an opportunist who was aware of TERPIL'S affair with above [redacted] during 1980 while in the United States.

[redacted] is extremely hostile toward TERPIL not only due to the fact that he left [redacted] and the above indicated [redacted] but due to the fact that TERPIL'S [redacted] when TERPIL fled the United States! She does not believe that he would even contact [redacted] who is currently in [redacted]

b6 -2
b7C -2

* [redacted] in Fairfax County, Virginia, due to the fact that when he, captioned subject, fled the United States, he gave [redacted] \$25 and said that he did not think he would make it in life although he believed his [redacted] would.

TERPIL
[redacted] and captioned subject met [redacted] initially in the [redacted] were stationed at the same time the TERPILS were stationed there. Then they both were assigned to New Delhi, India. She last talked to [redacted] prior to Christmas, 1984. Before this, she last saw her approximately 1971. Other than the information provided by above AUSA regarding captioned subject's recent association with [redacted] was not aware of this contact or any other contacts of captioned subject in the recent past.

b6 -2
b7C -2

In the event [redacted] assistance would be of benefit to a scenario which would result in captioned subject being returned to the United States, she would consider assisting, although she currently could think of no scenario which would cause captioned TERPIL to return to the United States.

b6 -2
b7C -2

b3 -1
b7E -1

[redacted] UAC Alexandria, Jacksonville will periodically contact [redacted] in order to determine if she has learned any pertinent information regarding captioned subject's whereabouts or future plans.

b6 -2
b7C -2

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 6/5/85

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[REDACTED] She went to the apartment due to learning that this [REDACTED] was [REDACTED]

[REDACTED] - Was to be part of a documentary being filmed about captioned subject. She did not like the fact that [REDACTED] in the documentary. The documentary was believed to be shown on 60 Minutes and filmed by [REDACTED] has a copy of this video tape which was recorded in England and may require a special video recorder to replay it.

3 - Bureau
 2 - Alexandria [REDACTED]
 2 - Jacksonville

Approved:

PS:psd
 (7)

Transmitted

(Number)

(Time)

Per

2521

SEARCHED	INDEXED
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JUN 10 1985	
FBI - ALEXANDRIA	

* U.S. Government Printing Office: 1984-431-613/6249

FBI(21-cv-5450)-1261

b3 -1
 b7E -1

b6 -2
 b7C -2

b6 -2
 b7C -2

b3 -1
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b6 -2, -4
b7C -2, -4

The only people she could think of that might know his whereabouts are the following:

(1) [redacted] who is [redacted] and may try to [redacted] TERPIL, who resides in the Washington, D.C. area [redacted]

b6 -2
b7C -2

(2) [redacted] (phonetic) and [redacted] who [redacted] in approximately late 1977. [redacted] is in bad health and is described as an opportunist who was aware of TERPIL'S affair with above [redacted] during 1980 while in the United States.

b6 -2
b7C -2

[redacted] is extremely hostile toward TERPIL not only due to the fact that he left [redacted] and the above indicated [redacted] but due to the fact that TERPIL'S [redacted] when TERPIL fled the United States. She does not believe that he would even contact [redacted] who is currently in [redacted] in Fairfax County, Virginia, due to the fact that when he, captioned subject, fled the United States, he gave [redacted] \$25 and said that he did not think he would make it in life although he believed his [redacted] would.

b6 -2
b7C -2

[redacted] and captioned subject met [redacted] initially in the [redacted] were stationed at the same time the TERPILS were stationed there. Then they both were assigned to New Delhi, India. She last talked to [redacted] prior to Christmas, 1984. Before this, she last saw her approximately 1971. Other than the information provided by above AUSA regarding captioned subject's recent association with [redacted] was not aware of this contact or any other contacts of captioned subject in the recent past.

b6 -2
b7C -2

In the event [redacted] assistance would be of benefit to a scenario which would result in captioned subject being returned to the United States, she would consider assisting, although she currently could think of no scenario which would cause captioned TERPIL to return to the United States.

b6 -2
b7C -2

[REDACTED]

b3 -1
b7E -1

[REDACTED] UAC Alexandria, Jacksonville will periodically contact [REDACTED] in order to determine if she has learned any pertinent information regarding captioned subject's whereabouts or future plans.

b6 -2
b7C -2

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 21-cv-5450

Total Deleted Page(s) = 194

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FBI

TRANSMISSION VIA:

☐ Teletype
☐ Facsimile
☒ Airtel

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ E F T O
☐ CLEAR

Date 3/4/77

Assoc. Dir.	
Dep. AD Adm.	
Dep. AD Inv.	
Asst. Dir.:	
Adm. Serv.	
Ext. Affs.	
Fin. & Pers.	
Gen. Inv.	
Ident.	
Intell.	
Legal Coun.	
Plan. & Insp.	
Rec. Mgmt.	
S. & C. Serv.	
Spec. Inv.	
Training	
Telephone Rm.	b3 -1
Director's Sec'y	b6 -4
	b7C -4
	b7E -1

TO: DIRECTOR, FBI [redacted]
 FROM: SAC, WFO [redacted] (RUC)

FRANCIS EDWARD TERPIL, aka;
 EDWIN PAUL WILSON

(OO:AX)

ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED 284,655
 DATE 3/14/89 BY SP5C10ms
 1/18/89

Re Alexandria airtel to Bureau, 2/17/77 and Bulet,
 2/24/77.

On 3/2/77, [redacted]

[redacted] U.S. Department
 of Commerce (USDC), advised that records of that section
 revealed no information identifiable with captioned subjects
 or with the firms, Inter-Technology, Incorporated; Intercontinental
 Technology, Incorporated; or Consultants International.

On 3/2/77, [redacted] advised
 that records of that division revealed [redacted]

On 3/2/77, [redacted]

[redacted] USDC, advised that export from the U.S.
 electronic line delay timers or timing devices would not require
 an export license from the USDC. However, should such timers be
 construed as a part of an explosive device, export of such timers
 would require an export license from the Department of State
 (USDS) Office of Munitions Control.

②-Bureau
 2-Alexandria [redacted]
 1-WFO

JCC:smv
 (5)

23 MAR 8 1977

Approved: [signature]

Transmitted (Number) (Time)

Per [signature]

FBI(21-cv-5450)-1284

AX should
 include attached results in next
 report. 3/4/77 JFP/806

WFO [REDACTED]

b3 -1
b6 -4
b7C -4
b7E -1

In view of information furnished by [REDACTED]
USDC, above, Alexandria may desire to consider rechecking
records of Office of Munitions Control, USDS, concerning
subjects.

WFO contemplates no further action in this matter
at this time.

b3 -1
b7E -1

~~SECRET~~

DOS

3. Letter from Munitions Control to Inter-
continental Technology, Incorporated, June 23, 1976.

- 25 -

~~SECRET~~

FBI(21-cv-5450)-1353

AX0534 1090355Z

RR HQ LA

DE AX

R 190355Z APR 77

FM ALEXANDRIA (P)

TO DIRECTOR ROUTINE

LOS ANGELES ROUTINE

BT

CLEAR

[REDACTED] FRANCIS EDWARD TERPIL, AKA; EDWIN PAUL
WILSON; [REDACTED] OFFICE OF ORIGIN: ALEXANDRIA.

REFERENCE LOS ANGELES TELETYPE DATED APRIL 16, 1977.

ALEXANDRIA WILL DETERMINE IF [REDACTED]

LOS ANGELES IS REQUESTED TO HOLD FURTHER INTERVIEW OF [REDACTED]

APR 18 11 03 AM '77

RECEIVED
FEDERAL BUREAU
OF INVESTIGATION
COMMUNICATIONS SECTION

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 284,655
DATE 3/15/88 BY SP-5 CIP/STC

1/19/89

SP5cul OmS

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Dep. Asst. Dir. _____
Asst. Dir.: _____
Adm. Serv. _____
Ext. Affairs _____
Fin. & Pers. _____
Gen. Inv. _____
Ident. _____
Intell. TV 216
Legal Coun. _____
Plan. & Insp. _____
Rec. Mgt. _____
S. & T. Serv. _____
Spec. Inv. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

b3 -1
b7E -1

b3 -1
b6 -4
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b3 -1
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b7E -1

1977

40
[Handwritten signatures and initials]

FBI(21-cv-5450)-1374

PAGE TWO [REDACTED] CLEAR

b3 -1
b7E -1

AND CONTACT WITH BEHRING INTERNATIONAL IN ABEYANCE UNTIL
ALEXANDRIA CAN FURNISH ADDITIONAL BACKGROUND INFORMATION.
BT.

#

HOLD

FBI(21-cv-5450)-1375

UNITED STATES GOVERNMENT

Memorandum

TO : DIRECTOR, FBI [REDACTED]

FROM : ADIC, LOS ANGELES [REDACTED] (5) (P)

DATE: 4/19/77

b3 -1
b6 -4
b7C -4
b7E -1

SUBJECT: [REDACTED]
FRANCIS EDWARD TERPIL, aka;
EDWIN PAUL WILSON
[REDACTED]

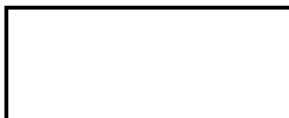
OO: Alexandria

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 284,635

DATE 3/15/88 BY SP-5 CIP/HK
11/19/89 SP5C110MS

Re Alexandria airtel to the Bureau dated 2/15/77
and Los Angeles teletype to the Bureau and Alexandria
dated 4/15/77.
16

On the dates indicated, the following individuals
were contacted by SA [REDACTED] to determine if b6 -1, -2, -4
their companies had sold any explosives-related material b7C -1, -2, -4
to Consultants International, Intercontinental Technology,
Inc., Inter-Technology, Inc., Stanford Technology, Inc.,
[REDACTED] FRANCIS EDWARD TERPIL or EDWIN PAUL
WILSON. They denied any knowledge of captioned subjects
or subjects' companies.



Aerojet Ordnance and Manufacturing Company
9236 East Hall Road
Downey, California
Division of Aerojet-General Corporation
El Monte, California
(4/19/77)

- 2 - Bureau
2 - Alexandria [REDACTED]
2 - Little Rock
2 - Los Angeles

RKB/nc
(8)



Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

FBI(21-cv-5450)-1376

MAY 23 1977

REC-62

EX-103

APR 25 1977

b3 -1, -2
b7E -1, -2

b3 -1
b7E -1

b6 -2
b7C -2

[REDACTED]
[REDACTED]
Hi-Shear Corporation
2600 Skypark Drive
Torrance, California
(4/19/77)

[REDACTED]
Networks Electronic Corporation
9750 De Soto Avenue
Chatsworth, California
(3/24/77)

[REDACTED]
Bermite
22116 Soledad Canyon Road
Saugus, California
Division of the Whittaker Corporation
Los Angeles, California
(4/19/77)

SA [REDACTED] conducted the following investigation:

b6 -1, -2
b7C -1, -2

On 3/11/77, [REDACTED]

[REDACTED] Celesco Industries, Inc., 3333 Harbor Boulevard, Costa Mesa, California 92626, telephone [REDACTED] advised their explosives products are marketed through their Ordnance Division in East Camden, Arkansas. [REDACTED]
[REDACTED]

On 4/15/77, SA [REDACTED] telephonically contacted [REDACTED]

b6 -1
b7C -1

[REDACTED]
[REDACTED] The results of that contact were outlined in referenced teletype and an FD-302 will be provided to Alexandria.

[REDACTED]

Regarding referenced teletype, the Bureau and Alexandria are requested to make the following corrections in that teletype:

Page 3 - Line 4
3000 feet of safety

Page 4 - Line 7

b7D -1

Page 4 - Line 9
...\$100 denominations

Page 6 - Line 17
...ever, he pledged his continued cooperation

LEAD

LITTLE ROCK

AT EAST CAMDEN, ARKANSAS: Contact [REDACTED]
[REDACTED] Gelesco Industries,
Inc., Ordnance Division, telephone [REDACTED] to
determine if his company has made any sales of ordnance
or explosives-related material to Consultants Inter-
national, Intercontinental Technology, Inc., Inter-
Technology, Inc., Stanford Technology, Inc. or captioned
subjects.

b6 -2
b7C -2

FBI

TRANSMIT VIA:

☐ Teletype☐ Facsimile☒ Airtel

PRECEDENCE:

☐ Immediate☐ Priority☐ Routine

CLASSIFICATION:

☐ TOP SECRET☐ SECRET☐ CONFIDENTIAL☐ E F T O☐ CLEAR

Date 4/15/77

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 Dep. AD Adm. _____
 Dep. AD Inv. _____
 Asst. Dir.: _____
 Adm. Serv. _____
 Ext. Affairs _____
 Fin. & Pers. _____
 Gen. Inv. _____
 Ident. _____
 Intell. _____
 Legal Coun. _____
 Plan. & Insp. _____
 Rec. Mgt. _____
 S. & T. Serv. _____
 Spec. Inv. _____
 Training _____
 Telephone Rm. _____
 Director's Sec'y _____

TO: DIRECTOR, FBI
 (ATTENTION: JAMES B. ADAMS, ASSISTANT TO THE
 DIRECTOR - DEPUTY ASSOCIATE DIRECTOR)

FROM: SAC, MIAMI

SUBJECT: DAVID LAMAR CHRIST;
ET AL

OO: ALEXANDRIA
 BUFILE [REDACTED]
 WASHINGTON FIELD FILE [REDACTED]
 ALEXANDRIA FILE [REDACTED]
 MIAMI FILE [REDACTED]

CHILBOM
 PFO - MURDER; EID, OOF
 OO: WFO
 BUFILE [REDACTED]
 WFO FILE [REDACTED]
 MIAMI FILE [REDACTED]

Re Miami teletype dated 4/14/77

ENCLOSURE

REC-42

② Bureau (Enc. 2) (RM)

EX-106

E4 APR 25 1977

2-WFO (Enc. 2) (RM)

2-Alexandria (Enc. 2) (RM)

2-Miami

FEG/kr
(8)

ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED
 DATE 1-17-80 BY [REDACTED]

3/15/88
1/19/89SP-5 [REDACTED]
SP5C110MSb3 -1
b7E -1b3 -1
b6 -1
b7C -1
b7E -1

REC COPY AND COPY OF ENCL.

Approved: [REDACTED]
55 MAY 4 1977Transmitted _____
(Number) (Time)

Per FBI(21-CV-5450)-1379



b3 -1

b7E -1

Enclosed for the Bureau, WFO, and Alexandria are two copies of an article from the 4/12/77 issue of the "Miami Herald," a Miami, Florida daily newspaper. The article is captioned, "Ex-CIA Man, 3 Exiles Linked to Car Bomb?"

(Mount Clipping in Space Below)

In Death of D.C. Envoy

Ex-CIA Man, 3 Exiles Linked to Car Bomb?

From Herald Staff and Wire Reports

A former CIA explosives expert and three Miami-based Cuban exiles reportedly will be sought by federal authorities soon for questioning in the investigation of last year's bomb-murder of former Chilean Ambassador Orlando Letelier. The Washington Post said today.

The information was attributed to informed sources.

The Post reported that Edward P. Wilson, described as the former CIA employe, also is under investigation in connection with an alleged plot to kill a political opponent of Libyan leader Col. Moammar Khadafy.

THE SOURCES said Wilson's arms-exporting business, Consultants International of Washington, had a secret contract to sell "timing pencils" — chemical detonators used to trigger bombs remotely — to Libya.

Wilson reportedly was out of the



LETELIER



KHADAFY

country Monday and could not be reached for comment.

In a telephone interview with The Herald, a federal prosecutor said Monday night that he has requested all information gathered by the CIA and the Justice Department in connection with the assassination Sept. 21 on Washington's Embassy Row.

The prosecutor, Assistant U.S. Turn to Page 16A Col. 1

(Indicate page, name of newspaper, city and state.)

1-A

MIAMI HERALD

MIAMI, FLA.

Date: 4-12-77

Edition:

Author:

Editor:

Title:

Character:

or

Classification:

Submitting Office MIAMI, FLA.

☐ Being Investigated

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 284,655
DATE 1-17-80 BY SP-1 MK/KG

3/15/88 SP-5 CIP/MS
11/19/89 SP5 CIP/MS

ENCLOSURE

FBI(21-cv-5450)-1381

b3 -1
b7E -1

FROM PAGE 1A

Attorney Eugene S. Propper, who is investigating the murder, said he learned that the CIA had been looking into reports that the former CIA employee and the exiles he allegedly trained were involved in Letelier's murder.

HERBERT E. HETU, CIA public information spokesman, told The Herald that federal privacy laws prevent the agency from confirming whether Wilson ever worked for it. He said he did not personally remember him.

Quoting unnamed sources, The Post said investigators have established three possible connections with the Letelier assassination:

- Wilson's secret contract with the Libyan government to manufacture and deliver timing pencils, believed to have been the means by which the Letelier assassination bomb was detonated.

- Wilson's contract with Libya included a promise to supply thousands of timing pencils. "It is one of the most alarming things I've ever seen," one source said. "There were enough (timing pencils) contracted for to support terrorist activity for the rest of the century."

- In addition, sources said there is some evidence that Wilson may have had contact with one or more current CIA employees who have access to timing pencils.

It is not clear from the investigation if any, or how many, timing pencils Wilson actually supplied the Libyan government.

- The three unnamed Cuban exiles arrived in the Washington area three days before the Sept. 21, 1976, bombing of Letelier's car.

Letelier, 44, former Chilean ambassador to the United States, was foreign minister and minister of defense in the government of the late Chilean socialist President Salvador Allende.

At the time of his death, Letelier headed a foreign-affairs research program at the Institute for Policy Studies in Washington. A staff member of the Institute, Ronni K. Moffitt, also died in the explosion. Her husband, Michael, a research associate, survived the blast.

- One of the Cuban exiles, an explosives expert believed to have

been trained by the CIA in the 1960s, met in Miami recently with a close associate of other Cuban exiles who have been prime suspects in the Letelier case.

The three Cubans are not among the 10 anti-Castro Cubans who reportedly have been questioned by the grand jury investigating the Letelier murder.

"These are new Cubans and a completely new direction for the case," said one of The Post's sources.

The sources said, however, that the extent of Wilson's involvement if any, could not be learned until Wilson is questioned in the Libyan investigation. The sources said that Justice Department attorneys are not sure if any U.S. law has been violated because the department has no jurisdiction to prosecute crimes committed abroad.

The Libyan case is in the Justice

Department criminal division for review.

THAT INVESTIGATION began last year when CIA officials learned that a former employee allegedly was recruiting Cubans for terrorist activity.

According to the sources, Wilson was acting under a contract with the Libyan government and wanted the Cubans to assassinate a Libyan who had exiled himself to Egypt much like Letelier had exiled himself to the United States after the September 1973 coup in Chile and a year of imprisonment there.

The Cubans turned down the job offer, made by Wilson at a meeting in Geneva, according to the sources.

Upon learning of this, the CIA asked that the FBI open an investigation of Wilson. The case was so sensitive that President Ford was informed of it.

The Libyan government has in the past supported terrorist activity. At a news conference July 19, Ford said, "We do know that the Libyan government has in many ways done certain things that might have stimulated terrorist activity."

THE SOURCES said Wilson also tried to recruit other former CIA employees to be explosives instructors in Libya.

One former CIA employee reportedly was offered \$100,000 a year but turned it down. Wilson himself had contracts valued at hundreds of thousands of dollars with Libya, according to the sources.

Wilson has declined to answer questions from FBI agents in the Libyan investigation, the sources said.

An official at Consultants International said Monday that the firm was not involved in any questionable activity.

ACCORDING TO the firm's literature, Consultant International could supply an army with patrol boats, parachutes, airborne accessories and armor-protected vehicles.

"Armaments can be arranged to meet the requirements of the purchaser," the literature says.

Sources said that Wilson had a contract with Libya to clear land mines but that the contract was the "cover" for the real purpose, supplying detonation devices.

"Explosive detection devices" are on the firm's sales list.

Wilson's firm has received numerous licenses from the State Department Office of Munitions Control to export arms and related material though no license has been granted to export anything to Libya, according to government records.

*'It is one of the most alarming things
I've ever seen. There were enough (tim-
ing pencils) contracted for to support
terrorist activity for the rest of the cen-
tury.'*

— An informed source

LA0714 1160205Z

RR HQ AX

DE LA 036

R 260205Z APR 77

FM LOS ANGELES (5) (P)

TO DIRECTOR ROUTINE

ALEXANDRIA ROUTINE

BT

E F T O

RECEIVED
FEDERAL BUREAU
OF INVESTIGATION
COMMUNICATIONS SECTION

b3 -1
b6 -1, -4
b7C -1, -4
b7E -1
b7D -1

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 284,655

DATE 3/15/88 BY SP-5 C/OH
1/19/89 SP5C/LDM/S

Assoc. Dir. _____
Dep. Asst. Dir. _____
Dep. Asst. Dir. _____
Asst. Dir. _____
Adm. Serv. _____
Ext. Affairs _____
Fin. & Pers. _____
Gen. Inv. _____
Ident. _____
Int. Aff. *FILE* _____
Legal Coun. _____
Plan. & Insp. _____
Rec. Mgmt. _____
S. & T. Serv. _____
Spec. Inv. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

FRANCIS EDWARD TERPIL, AKA; EDWIN PAU

WILSON, OO: ALEXANDRIA.

ON FRIDAY EVENING, APRIL 22, 1977,

INTERVIEWED AT HIS OFFICE IN HE WAS ADVISED
OF HIS RIGHTS BY FD-395 WHICH HE READ, STATED HE UNDERSTOOD, AND
EXECUTED.

TOLD BASICALLY THE SAME STORY AS OUTLINED IN
REFERENCED LOS ANGELES TELETYPE WITH FOLLOWING MAIN EXCEPTIONS:

SUBJECT

b3 -1
b6 -4
b7C -4
b7D -1
b7E -1

REC-6

17 APR 29 1977

56 MAY 9 1977

FBI(21-cv-5450)-1387

PAGE TWO

EFTO

b3 -1
b7D -1
b7E -1

ADMINISTRATIVE

RE LOS ANGELES TELETYPE APRIL 15, 1977 AND ALEXANDRIA
TELETYPE APRIL 22, 1977.

LOS ANGELES WILL FORWARD TO ALEXANDRIA COPIES OF THE
FD-302S REGARDING THE INTERVIEWS OF [REDACTED] AS WELL AS ALL
RELATED INVOICES, WAYBILLS, CERTIFICATES, DECLARATIONS, AND
BILLS OF LADING REGARDING THE TWO SHIPMENTS BY [REDACTED]

b3 -1, -2
b7D -1
b7E -1, -2

LOS ANGELES WILL INTERVIEW [REDACTED] REGARDING
[REDACTED]

BT

#

LA0453 1060533Z

RRR HQ AX

DE LA

R 160533Z APR 77

FM LOS ANGELES [REDACTED] (P) (5)

TO DIRECTOR [REDACTED] ROUTINE

ALEXANDRIA [REDACTED] ROUTINE

BT

CLEAR

[REDACTED] FRANCIS EDWARD TERPIL, AKA;

EDWIN PAUL WILSON, [REDACTED] OO: ALEXANDRIA

INVESTIGATION TO DATE IN THE GREATER LOS ANGELES
AREA HAS UNCOVERED ONLY ONE COMPANY WHICH HAS ADMITTED
SALES OF EXPLOSIVES TO CAPTIONED SUBJECTS AND/OR THEIR
COMPANIES.

APR 16 1 12 AM 1977
RECEIVED
FEDERAL BUREAU
OF INVESTIGATION
COMMUNICATIONS SECTION

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED ^{284,655}
DATE 3/15/88 BY SP-SC/BPP
11/19/89 SP5ell/pms

Assoc. Dir.	_____
Dep. AD Adm.	_____
Dep. AD Inv.	_____
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Legal Coun.	_____
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Rec. Mgmt.	_____
S. & T. Serv.	_____
Spec. Inv.	_____
Training	_____
Telephone Rm.	_____
Director's Sec'y	_____

b3 -1
b7E -1

b3 -1
b6 -1
b7C -1
b7D -1
b7E -1

V-10

17 APR 29 1977

229
C C C I D 777

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PAGE TWO

CLEAR

b3 -1
b7E -1

b7D -1
b7E -4

PAGE THREE CLEAR

b3 -1
b7E -1

b7D -1
b7E -4

PAGE FOUR

CLEAR

b3 -1
b7E -1

b7D -1
b7E -4

ADMINISTRATIVE:

RE ALEXANDRIA AIRTEL TO THE BUREAU, FEBRUARY 15, 1977,
AND LOS ANGELES TELEPHONE CALL TO ALEXANDRIA, APRIL 15,
1977.

[REDACTED] STATED HE HAD BEEN TELEPHONICALLY CONTACTED
TODAY, [REDACTED]
[REDACTED]

b6 -2
b7C -2
b7D -1

PAGE FIVE [REDACTED] CLEAR

b3 -1
b7E -1

[REDACTED]

LOS ANGELES WAS UNAWARE OF THE NOTORIETY THIS CASE
HAS BEEN RECEIVING UNTIL BEING ADVISED OF IT [REDACTED]
AND LATER THROUGH REFERENCED TELEPHONE CALL.

b7D -1

LOS ANGELES DID NOT ATTEMPT TO OBTAIN MORE DETAILED
INFORMATION, OR ASK MORE PENETRATING QUESTIONS AT THIS TIME
IN VIEW OF THE POSSIBLE COMPLICITY [REDACTED] IN THIS CASE,
AND INASMUCH AS LOS ANGELES WAS NOT AWARE THAT THE BUREAU
AND ALEXANDRIA WERE ALREADY COGNIZANT OF PREVIOUSLY PUB-
LISHED STORIES APPEARING IN THE WASHINGTON POST CONCERNING
THIS CASE.

[REDACTED] FORMER ASSISTANT
DIRECTOR WALSH. LOS ANGELES AGENTS WHO WORK 174-MATTERS
ADVISED [REDACTED] HAS BEEN COOPERATIVE IN THE PAST, AND

b7D -1

[REDACTED]

[REDACTED] WAS COOPERATIVE IN THIS CASE; HOWEVER, WAS
CAUTIOUS AND DID NOT VOLUNTEER INFORMATION UNLESS SPECIFI-
CALLY ASKED.

PAGE SIX [REDACTED] CLEAR

b3 -1
b7E -1

LOS ANGELES INDICES ARE NEGATIVE REGARDING [REDACTED]
[REDACTED]

LOS ANGELES INDICES REFLECTS THE FOLLOWING REGARDING
[REDACTED]

b6 -2
b7C -2
b7D -1

52-11176 (MARCH, 1967) - CONCERNS POSSIBLE STOLEN
GOVERNMENT PROPERTY IN [REDACTED] POSSESSION. INTERVIEWED
BY FBI ON MARCH 28, 1967, AND DETERMINED THE PROPERTY WAS
NOT STOLEN.

62-5101 - 1395 (MAY, 1967) - CONCERNS INFORMATION THAT
[REDACTED]
[REDACTED]

b3 -1
b7D -1, -6
b7E -6

NO OTHER INFORMATION AVAILABLE.

[REDACTED]

PAGE SEVEN CLEAR

b3 -1
b7E -1



LOS ANGELES WILL HOLD FURTHER INVESTIGATION IN ABEY-
ANCE PENDING RECEIPT OF ADDITIONAL INFORMATION AND/OR
INSTRUCTIONS FROM ALEXANDRIA AND/OR THE BUREAU.

b3 -1
b7D -1
b7E -6

BT

AX0562 1120305Z

PP HQ LA MM WF

/ DE AX

P 220305Z APR 77

1. ALEXANDRIA [REDACTED] (P)

TO DIRECTOR [REDACTED] PRIORITY

LOS ANGELES [REDACTED] PRIORITY

MIAMI [REDACTED] PRIORITY

WFO [REDACTED] PRIORITY

BT

E F T O

APR 21 10 24 PM '77

RECEIVED
FEDERAL BUREAU
OF INVESTIGATION
COMMUNICATIONS SECTION

Assoc. Dir. _____
Dep. AD Adm. _____
Dep. AD Inv. _____
Asst. Dir.: _____
Adm. Serv. _____
Ext. Affairs _____
Fin. & Pers. _____
Gen. Inv. _____
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Legal Coun. _____
Plan. & Insp. _____
Rec. Mgt. _____
S. & T. Serv. _____
Spec. Inv. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

b3 -1
b6 -1, -4
b7C -1, -4
b7E -1

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED ^{284,655}
DATE 3/15/88 BY SP-5 scibm
19 89 SP5cibm

[REDACTED] FRANCIS EDWARD TERPIL, AKA; EDWIN PAUL

WILSON, [REDACTED] OFFICE OF ORIGIN: ALEXANDRIA.

REFERENCE LOS ANGELES TELETYPE TO THE BUREAU, APRIL 16,
1977, NO COPIES TO WFO AND MIAMI; AND ALEXANDRIA TELETYPE TO
THE BUREAU, APRIL 19, 1977, NO COPIES TO WFO AND MIAMI.

b3 -1
b6 -2
b7C -2
b7D -1
b7E -1

FD 302'S REFLECTING INTERVIEWS OF [REDACTED]

[REDACTED] UNITED STATES
DEPARTMENT OF STATE; AND KEVIN P. MULCAHY BEING SENT BY
TELECOPIER TO LOS ANGELES, MIAMI, AND WFO FOR BACKGROUND
INFORMATION.

APR 27 1977

[REDACTED] WAS CONTACTED BY

b6 -2
b7C -2
b7D -1

56 MAY 9 1977

FBI(21-cv-5450)-1396

[REDACTED] A REPORTER FOR THE WASHINGTON POST NEWSPAPER.

[REDACTED] INQUIRED ABOUT [REDACTED]

b3 -1
b6 -2
b7C -2
b7D -1
b7E -1

[REDACTED]
VERIFIED THE SHIPMENT WAS CONTRACTED FOR BY WILSON, BUT DID NOT DISCLOSE INDIVIDUAL ITEMS.

[REDACTED] UNITED STATES DEPARTMENT OF STATE, WAS TELEPHONICALLY CONTACTED BY [REDACTED] A REPORTER FOR THE WASHINGTON POST NEWSPAPER. [REDACTED] VERIFIED THAT CONSULTANTS INTERNATIONAL INCORPORATED IS REGISTERED WITH MINITIONS CONTROL, BUT PROVIDED NO INFORMATION ON INDIVIDUAL SHIPMENTS.

b6 -2, -4
b7C -2, -4

IT APPEARS THAT WHEN [REDACTED] REFUSED TO [REDACTED]

[REDACTED]
b6 -2
b7C -2
b7D -1
b7E -4

THERE ALSO EXISTS THE POSSIBILITY THAT [REDACTED]

[REDACTED] COULD BE ITEMS INCLUDED ON THE

PAGE THREE [REDACTED] E T O

b3 -1
b7E -1

MUNITIONS LIST.

SINCE [REDACTED] MAY BE INVOLVED [REDACTED]

b6 -2
b7C -2
b7D -1
b7E -4

[REDACTED], ALEXANDRIA SUGGESTS
THAT LOS ANGELES ADVISE [REDACTED] OF HIS RIGHTS PRIOR TO
INTERVIEW.

ALL RECEIVING OFFICES ARE REQUESTED TO SUTEL RESULTS OF
INVESTIGATION AND FOLLOW BY LHM.

BUREAU BEING FURNISHED INTERVIEWS OF [REDACTED]
MULCAHY BY LHM.

b6 -2
b7C -2
b7D -1
b7E -4

LEADS. LOS ANGELES. AT LOS ANGELES, CALIFORNIA.
REINTERVIEW [REDACTED]

2. INTERVIEW APPROPRIATE [REDACTED] AND ASSOCIATES EMPLOYEES
TO VERIFY [REDACTED]

3. [REDACTED]
[REDACTED]

PAGE FOUR [REDACTED] E F T O

b3 -1
b7E -1, -4

MIAMI. AT MIAMI, FLORIDA. CONTACT THE DADE COUNTY
SHERIFF'S DEPARTMENT AND IDENTIFY INDIVIDUAL PROVIDING BOMB
DISPOSAL TRAINING. CONDUCT APPROPRIATE INVESTIGATION TO
DETERMINE IF [REDACTED]

b6 -4
b7C -4
b7D -1
b7E -4

[REDACTED]
WFO. AT WASHINGTON, D. C. DETERMINE IF CONSULTANTS
INTERNATIONAL INCORPORATED, [REDACTED]

[REDACTED] ARE LICENSED BY BATF
HEADQUARTERS TO DEAL IN EXPLOSIVES.

ALEXANDRIA. AT ALEXANDRIA, VIRGINIA. WILL UPON RECEIPT
OF LOS ANGELES INVESTIGATION RECONTACT MUNITIONS CONTROL FOR
DECISION ON QUESTIONABLE ITEMS.

BT.

#

MESSAGE RELAY VIA TELETYPE

Date

APR 25, 1977
4/25/77

PRECEDENCE:

☐ IMMEDIATE
☐ PRIORITY
☒ ROUTINE

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☒ UNCLASSIFIED

FIELD AND LEGAT MESSAGES

ONLY ☒ CLEAR ☐ EFTO

FM: DIRECTOR

TO:

FEDERAL GOVERNMENT

☐ Attorney General
☐ Deputy Attorney General
☐ Attn: Analysis and Evaluation Unit
☐ Assistant Attorney General, Civil Rights Div.
☒ Assistant Attorney General, Criminal Div.
☐ Attn: Internal Security Section
☒ Attn:
☐ Immigration and Naturalization Service
☐ U. S. Marshal's Service
☐ U. S. Secret Service (PID)
☐ Director, CIA
☐ Secretary of State
☐ Department of Treasury
☐ Attn: U. S. Customs
☐ Department of Treasury
☐ Attn: Bureau of Alcohol Tobacco & Firearms

☐ Drug Enforcement Administration
☐ Energy Research and Development Administration
☐ U. S. Postal Service
☐ National Aeronautics & Space Adm.
☐ Department of Transportation
☐ Attn: Director of Security
☐ Federal Aviation Administration
☐ Department of the Air Force (AFOSI)
☐ Department of the Army
☐ Naval Investigative Service
☐ National Security Agency
☐ (DIRNSA/NSOC (Attn: SOO))
☐ Commandant, U. S. Coast Guard
☐ Director, Defense Intelligence Agency

☐ The President
☐ White House Situation Room
☐ Attn:
☐ The Vice President
☐ Attn:

b6 -1
b7C -1

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED 284,655
DATE 3/11/84 BY SP-5/bm
SP5cl Dms

REC

NEXT PAGE EX-101

FRANCIS EDWARD

TERPIL; EDWIN PAUL WILSON

REGISTRATION ACT; ARMS EXPORT CONTROL ACT

Assoc. Dir. _____
Dep. AD Adm. _____
Dep. AD Inv. _____
Asst. Dir.: _____
Adm. Serv. _____
Ext. Affairs _____
Ident. _____
Insp. _____
Intell. _____
Lab. _____
Legal Coun. _____
Off. of Cong. & Public Affairs _____
Rec. Mgmt. _____
Tech. Serv. _____
Training _____
Off. of the Inspector General _____

ORIGINATOR

COMMUNICATIONS SECTION

APR 25 1977

TELETYPE

MAIL ROOM ☐TELETYPE UNIT ☒

54 MAY 12 1977

FBI(21-cv-5450)-1400

Assoc. Dir.	
Dep. Asst. Dir.:	
Adm. Serv.	
Crim. Inv.	
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Intell.	
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Legal Coun.	
Plan. & Insp.	
Rec. Mgmt.	
S. & T. Serv.	
Spec. Inv.	b3 -1
Training	b6 -4
Telephone Rm.	b7C -4
Director's Sec'y	b7E -1

LA0453 1060533Z

RRR HQ AX

DE LA

R 160533Z APR 77

FM LOS ANGELES [REDACTED] (P) (5)

TO DIRECTOR [REDACTED] ROUTINE

ALEXANDRIA [REDACTED] ROUTINE

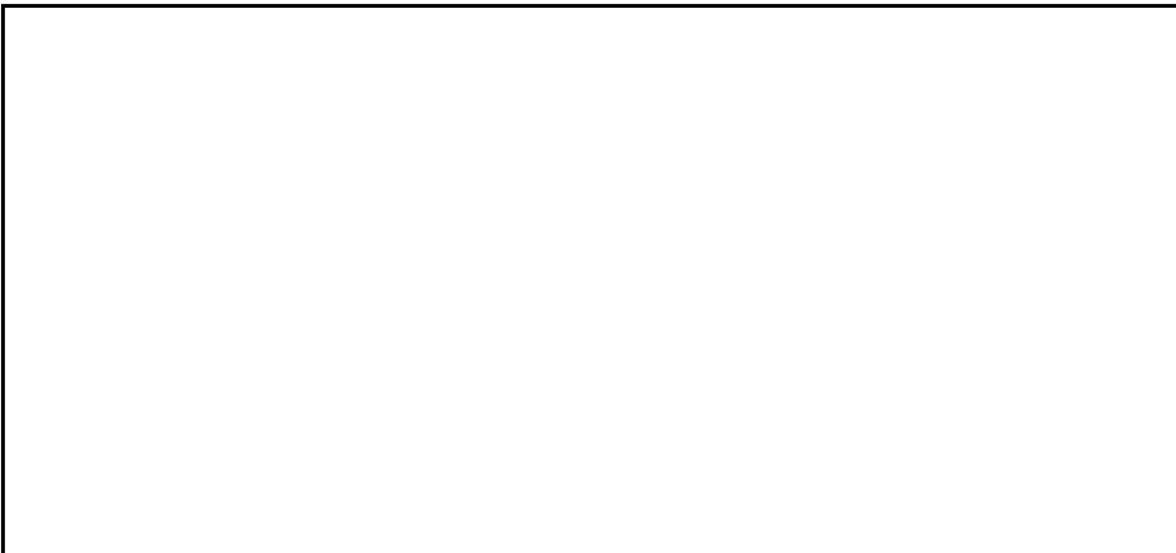
BT

CLEAR

[REDACTED] FRANCIS EDWARD TERPIL, AKA;

EDWIN PAUL WILSON, [REDACTED] OO: ALEXANDRIA

INVESTIGATION TO DATE IN THE GREATER LOS ANGELES AREA HAS UNCOVERED ONLY ONE COMPANY WHICH HAS ADMITTED SALES OF EXPLOSIVES TO CAPTIONED SUBJECTS AND/OR THEIR COMPANIES.



[Handwritten signature]

b7D -1
b7E -1

CC: CID

PAGE TWO CLEAR

b3 -1
b7E -1

b7D -1
b7E -4

PAGE THREE CLEAR

b3 -1
b7E -1

b7D -1
b7E -4

PAGE FOUR

~~CLEAR~~

b3 -1
b7E -1

b7D -1
b7E -4

~~ADMINISTRATIVE:~~

~~RE ALEXANDRIA AIRTEL TO THE BUREAU, FEBRUARY 15, 1977,
AND LOS ANGELES TELEPHONE CALL TO ALEXANDRIA, APRIL 15,
1977.~~

~~[REDACTED] STATED HE HAD BEEN TELEPHONICALLY CONTACTED
TODAY, [REDACTED]~~

b6 -2
b7C -2
b7D -1

Assoc. Dir.	_____
Dep. AD Adm.	_____
Dep. AD Inv.	_____
Asst. Dir.:	_____
Adm. Serv.	_____
Ext. Affairs	_____
Fin. & Pers.	_____
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Telephone Rm.	_____
Director's Sec'y	_____

APR 22 5 13 PM '77

RECEIVED
FEDERAL BUREAU
OF INVESTIGATION
COMMUNICATIONS SECTION

PP HQ QX NM NK NY

PP HQ QX NM NK NY

DE WF

P 222204Z APR 77

FM WASHINGTON FIELD [REDACTED] (P)

TO DIRECTOR [REDACTED] PRIORITY

ALEXANDRIA PRIORITY

MIAMI PRIORITY

NEWARK PRIORITY

NEW YORK PRIORITY

BT

E F T O

CHILBOM; PFC - MURDER; EID - COJ (OO: WASHINGTON FIELD)

RE MIAMI TELETYPE TO ALL LISTED OFFICES EXCEPT NEW
YORK, CAPTIONED "DAVID LAMAR CRIST, ET AL. [REDACTED]"

(OO: ALEXANDRIA) AND CAPTIONED AS ABOVE.

FOR THE INFORMATION OF RECEIVING OFFICES, EDWIN P.

WILSON WAS INTERVIEWED BY ASSISTANT UNITED STATES

ATTORNEY (AUSA) [REDACTED] ON APRIL 21, 1977, IN

THE PRESENCE OF HIS ATTORNEY, IN AN ATTEMPT TO OBTAIN

ANY PERTINENT INFORMATION PERTAINING TO ~~THE~~ ~~CHILBOM.~~ ~~NO MURDER OF AMBASSADOR~~
~~PRILADO LETELIER~~

NO PERTINENT INFORMATION WAS OBTAINED.

b3 -1
b7E -1

b3 -1
b7E -1

b6 -4
b7C -4

PAGE TWO

E F T O

b3 -1
b7E -1

[REDACTED] HOMICIDE, METROPOLITAN
POLICE DEPARTMENT (MPD), WASHINGTON, D.C. (WDC), CASE
OFFICER FOR THIS MATTER, WILL BE IN THE MIAMI AREA NEXT
WEEK, PURPOSE AND REASON UNKNOWN. WASHINGTON FIELD
ASSUMES HE IS CONDUCTING INVESTIGATION INTO THE DOUBLE
HOMICIDE.

b6 -2
b7C -2

AUSA [REDACTED] ADVISED APRIL 22, 1977, THAT HE WISHED

b3 -3
b6 -2, -4
b7C -2, -4

[REDACTED]
[REDACTED]
[REDACTED]

THAT HE SHOULD WAIT *DELAY*

~~FOR ANY~~ ISSUANCE OF SUBPOENAS FOR THESE THREE INDIVIDUALS
UNTIL ADDITIONAL INFORMATION HAS BEEN RECEIVED FROM MIAMI
WHICH MAY RESOLVE THE NEED TO ISSUE SUBPOENAS. [REDACTED]

ADVISED HE WILL HOLD GRAND JURY CALENDAR DATE OF [REDACTED]

[REDACTED] FOR THIS PURPOSE.

~~MIAMI WILL RECEIVE, UNDER SEPARATE COVER COMMUNICATION,
INFORMATION PERTAINING TO "INFORMED SOURCES" IN RECENT
POST NEWSPAPER ARTICLES, TO INCLUDE A COPY OF THE APRIL 12,
1977, WASHINGTON POST ARTICLE IN QUESTION.~~

PAGE THREE [REDACTED] E F T O

WASHINGTON FIELD IS NOTED IT HAS BEEN MORE THAN A MONTH SINCE ANY NEW INFORMATION HAS BEEN FURNISHED FROM [REDACTED] PERTINENT TO THIS MATTER.

IN THE EVENT [REDACTED] IS IN A POSITION TO FURNISH ADDITIONAL INFORMATION IN THE NEAR FUTURE, IT IS REQUESTED THAT WASHINGTON FIELD BE ADVISED SO THAT ADDITIONAL ASSESSMENTS MAY BE MADE CONCERNING ADDITIONAL GRAND JURY SUBPOENAS TO BE ISSUED FOR CLOSE ASSOCIATES OF [REDACTED]

[REDACTED]

NEW YORK SHOULD INSURE THAT [REDACTED] IS SHOWN A PHOTOGRAPH OF [REDACTED] WHICH HAS BEEN FACSIMILED TO THAT OFFICE.

BT.

b3 -1
b7E -1

b7D -4

b6 -2
b7C -2
b7D -4

SFO150 1182351Z

PP HQ AX LA MM WFO

DE SF 008

P 282348Z APR IL 77

FM SAN FRANCISCO [REDACTED] (P)

TO DIRECTOR [REDACTED] PRIORITY

ALEXANDRIA [REDACTED] ROUTINE

LOS ANGELES [REDACTED] PRIORITY

MIAMI [REDACTED] ROUTINE

WASHINGTON FIELD [REDACTED] PRIORITY

BT

CLEAR

[REDACTED] FRANCIS EDWARD TERPIL, EDWIN PAUL

WILSON, [REDACTED] OO: ALEXANDRIA REC-6 [REDACTED] - 48

RE WFO TELETYPE TO BUREAU, APR IL 23

ON APR IL 27, 1977, [REDACTED] BUREAU OF ALCOHOL,

TOBACCO AND FIREARMS, SAN FRANCISCO, CALIFORNIA, MADE AVAILABLE
LICENSING INFORMATION REGARDING [REDACTED]

[REDACTED] THE FOLLOWING INFORMATION WAS OBTAINED:

THE FOLLOWING INFORMATION HAS BEEN OBTAINED FROM THE

ALL INFORMATION CONTAINED

HEREIN IS UNCLASSIFIED

DATE 11/9/89 BY [REDACTED]

57 MAY 1 2 1977

APR 28 7 48 PM '77
RECEIVED
FEDERAL BUREAU
OF INVESTIGATION
COMMUNICATIONS SECTION

Assoc. Dir. _____
Deputy Dir. _____
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S. & T. Serv. _____
Spec. Inv. _____
Training _____
Telephone Rm. _____

b3 -1
b6 -1
b7C -1
b7E -1

b3 -1
b6 -4
b7C -4
b7E -1

b6 -4
b7C -4

b6 -1
b7C -1

FBI(21-cv-5450)-1411

PAGE TWO

CLEAR

APPLICATION FOR LICENSE FORM OF THE ALCOHOL, TOBACCO AND

FIREARMS DIVISION, DATED APRIL 16, 1973: NAME:

b3 -1
b7E -1

b6 -2
b7C -2
b7E -4

PAGE THREE

CLEAR

b3 -1
b7E -1

[REDACTED]

THIS ABOVE DESCRIBED APPLICATION WAS SIGNED BY [REDACTED]

[REDACTED] AND DATED APRIL 16, 1973.

THE APPLICATION WAS APPROVED ON JUNE 20, 1973 BY [REDACTED]

[REDACTED] ALCOHOL, TOBACCO AND
FIREARMS DIVISION.

ANOTHER APPLICATION FOR LICENSE WAS FILED WITH THE DEPARTMENT OF THE TREASURY, BUREAU OF ALCOHOL, TOBACCO AND FIREARMS, ON JUNE 22, 1976, [REDACTED] THE FOLLOWING ADDITIONAL INFORMATION WAS OBTAINED:

✓
b6 -2, -4
b7C -2, -4

NAME OF OWNER OR CORPORATION: [REDACTED]

[REDACTED]

PAGE FOUR

CLEAR

b3 -1
b7E -1

THE FOLLOWING IS INFORMATION ON THE OWNER, PARTNER AND
OTHER RESPONSIBLE PERSONS:

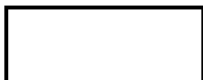
b6 -2
b7C -2

NAME:

ON JUNE 3, 1976, A COMPLIANCE INSPECTION OF AN EXPLOSIVES
MANUFACTURER WAS CONDUCTED BY [REDACTED] BUREAU OF
ALCOHOL, TABACCO AND FIREARMS INSPECTOR. THE INSPECTION
DISCLOSED ONE MINOR VIOLATION, WHICH WAS CORRECTED DURING
THE INSPECTION. A RECORD OF THE DAILY SUMMARY OF TRANSACTIONS

b6 -4
b7C -4

PAGE FIVE



CLEAR

b3 -1
b7E -1

WAS NOT BEING MAINTAINED IN EACH MAGAZINE.



SAN FRANCISCO DIVISION'S LHM FOLLOWS.

BT

APR 16 1 15 AM '77
RECEIVED
FEDERAL BUREAU
OF INVESTIGATION
COMMUNICATIONS SECTION

AX0521 1060557Z

RR HQ WF

DE AX

R 160500Z APR 77

FM ALEXANDRIA [] (P)

TO DIRECTOR [] ROUTINE

WFO [] ROUTINE

BT

E F T O

[] FRANCIS EDWARD TERPIL, AKA; EDWIN PAUL WILSON

[] (OO: ALEXANDRIA)

RE WFO TELETYPE 4/12/77 CAPTIONED "CHILBOM; PFO-MURDER; EID-
OOJ (OO:WFO)."

ON 4/15/77 [] OF THE WASHINGTON POST TELE-
PHONICALLY CONTACTED THE ALEXANDRIA OFFICE ASKING TO SPEAK TO

SA [] STATED IT WAS HIS UNDERSTANDING

THAT SA [] WAS INVESTIGATING THE CASE R [] SON
AND THAT HE WOULD LIKE TO MEET WITH SA [] HIS

MATTER AND TO CLARIFY SOME OF THE INFORMATION AVAILABLE TO
HIM.

ALL INFORMATION
HEREIN IS UNCLASSIFIED
DATE 11/19/89 BY []

C 5 1 MAY 11 1977

Assoc. Dir. _____
Dep. AD Adm. _____
Dep. AD Inv. _____
Asst. Dir.: _____
Adm. Serv. _____
Ext. Affairs _____
Fin. & Pers. _____
Gen. Inv. _____
Ident. _____
Intell. THW _____
Legal Coun. _____
Plan. & Insp. _____
Rec. Mgt. _____
S. & T. Serv. _____
Spec. Inv. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

b3 -1
b6 -4
b7C -4
b7E -1

b3 -1
b6 -1, -2
b7C -1, -2
b7E -1

5 MAY 4 1977

FBI(21-cv-5450)-1457

[] WAS ADVISED THAT SA [] HAD NO COMMENT REGARDING THIS MATTER AT WHICH TIME HE STATED HE WAS STILL DESIROUS OF MEETING WITH SA [] AS HE FELT HE HAD ADDITIONAL INFORMATION REGARDING THE WILSON MATTER. [] WAS INFORMED THAT SA [] WOULD BE MOST HAPPY TO ACCEPT ANY INFORMATION [] MIGHT CARE TO FURNISH BUT THAT SA [] HAD NO INTENTION OF MAKING THIS A RECIPROCAL ARRANGEMENT. [] THEN ASSURED SA [] THAT ANY INFORMATION HE PROVIDED TO [] WOULD BE TREATED CONFIDENTIALLY AND SA [] WOULD NOT BE IDENTIFIED AS THE SOURCE OF THIS INFORMATION. [] CONCLUDED BY STATING "ISN'T THERE ANYTHING I CAN DO FOR YOU" THAT WOULD CHANGE YOUR MIND ABOUT TALKING TO ME. [] WAS ASSURED THAT THERE WASN'T AND THE CONVERSATION WAS SUBSEQUENTLY TERMINATED.

b6 -1, -2
b7C -1, -2

ON APRIL 15, 1977 THE LOS ANGELES OFFICE TELEPHONICALLY ADVISED ALEXANDRIA THAT THEY HAD LOCATED THE [] CALIFORNIA, THIS DATE AT WHICH TIME THEY SPOKE [] [] STATED THE WASHINGTON POST HAD JUST TELEPHONED HIM REGARDING ED WILSON AND [] WILSON.

b7D -1
b7E -4

IT IS NOTED LOS ANGELES HAD A LEAD TO ATTEMPT TO LOCATE A []

LOS ANGELES WILL FURNISH RESULTS OF THE ABOVE INTERVIEW BY SEPARATE COMMUNICATION.

PAGE 3 [REDACTED] E F T O

ON APRIL 15, 1977 [REDACTED]

[REDACTED] VIRGINIA, TELEPHONICALLY CONTACTED THE
ALEXANDRIA OFFICE ADVISING HE HAD JUST RECEIVED A TELEPHONE CALL
FROM [REDACTED] OF THE WASHINGTON POST REGARDING WILLIAM
WEISENBURGER AND WEISENBURGER'S DEALINGS WITH AEL.

b6 -2
b7C -2
b7D -1

IT IS NOTED SA'S [REDACTED] PREVIOUSLY
INTERVIEWED [REDACTED] REGARDING THE ABOVE MATTER.

b6 -1, -2
b7C -1, -2
b7D -1

b6 -2
b7C -2
b7D -1

THE ABOVE IS BEING FURNISHED IN VIEW OF THE OBVIOUS LEAK OF
INFORMATION AND INVESTIGATION REGARDING CAPTIONED MATTER.

BT

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ Airtel

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ E F T O
☐ CLEAR

Date 4/21/77

Assoc. Dir.	_____
Dep. AD Adm.	_____
Dep. AD Inv.	_____
Asst. Dir.:	_____
Adm. Serv.	_____
Ext. Affairs	_____
Fin. & Pers.	_____
Gen. Inv.	_____
Ident.	_____
Intell.	_____
Legal Coun.	_____
Plan. & Insp.	_____
Rec. Mgt.	_____
S. & T. Serv.	_____
Spec. Inv.	_____
Training	_____
Telephone Rm.	_____
Director's Sec'y	_____

TO: DIRECTOR, FBI

FROM: SAC, MIAMI

SUBJECT: DAVID LAMAR CHRIST;
ET AL.

OO: ALEXANDRIA
 BUFILE [REDACTED]
 WASHINGTON FIELD FILE [REDACTED]
 ALEXANDRIA FILE [REDACTED]
 MIAMI FILE [REDACTED]

CHILBOM
 PFO - MURDER; EID, OOF
 OO: WFO
 BUFILE [REDACTED]
 WFO FILE [REDACTED]
 MIAMI FILE [REDACTED]

Re Miami airtel, 4/15/77, and Miami teletype,

4/14/77.

②-Bureau (RM)

(1)
(1)

2-WFO (RM)

(1)
(1)

2-Alexandria (RM)

(1)
(1)

2-Miami

(1)
(1)FEG/KR
(8)

ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED 294,655
 DATE 1-17-80 BY SP-1 MK/K
 119189 SP5 CIL/MS

REC-39

MAY 2 1977

b3 -1
 b6 -1
 b7C -1
 b7E -1

UNRECORDED COPY FILED IN

Approved: [Signature]

Transmitted _____

(Number)

(Time)

Per -FBI(21-cv-5450)-1460

56 MAY 16 1977

MAY 6 1977

AEROX

[redacted]

On 4/15/77, [redacted] Vero Beach, Florida, one of the three Cuban exiles mentioned in referenced communications, telephonically advised that at a meeting with his attorney, unnamed, it was decided that he would request from the FBI and the CIA, under the Freedom of Information Act and the Privacy Act, copies of all reports containing information furnished by him in captioned Registration Act matter. He commented that [redacted]

b6 -2
b7C -2
b7D -1

[redacted]

He said that he and his two companions do not feel the FBI is responsible for that allegation, but his attorney has advised him to obtain both FBI and CIA reports of information furnished by him to those agencies, in an effort to determine whether interview results were distorted.

FBI

Date: 4/25/77

Transmit the following in _____
(Type in plaintext or code)Via AIRTEL _____
(Precedence)

Assoc. Dir.	
Dep. AD Adm.	
Dep. AD Inv.	
Asst. Dir.:	
Adm. Serv.	
Ext. Affairs	
Fin. & Pers.	
Gen. Inv.	
Ident.	
Intell.	
Legal Coun.	
Plan. & Insp.	
Rec. Mgmt.	
S. & T. Serv.	
Spec. Inv.	
Training	
Telephone Rm.	
Director's Sec'y	

TO: DIRECTOR, FBI [redacted]
 FROM: SAC, WFO [redacted] (RUC)

[redacted]
 FRANCIS EDWARD TERPIL, aka;
 EDWIN PAUL WILSON

(OO:AX)

Re Alexandria teletype to Bureau, 4/22/77 and WFO
 teletype to Bureau, 4/22/77.

Transmitted herewith to Bureau are five copies and to
 Alexandria two copies and to Los Angeles, Miami and San Francisco
 one copy of LHM, dated and captioned as above reporting results
 of WFO interview of [redacted] Bureau of
 Alcohol, Tobacco and Firearms, Headquarters, Treasury Department,
 Washington, D. C., on 4/22/77. Also furnished herewith to
 Alexandria is the original FD-302 and interview notes of
 interview of [redacted]

WFO contemplates no further action in this matter at
 this time.

ENCLOSURE

- 2-Bureau (Enc. 5)
 2-Alexandria [redacted] (Enc. 4)
 1-Los Angeles [redacted] (Enc. 1)(Info)
 1-Miami [redacted] (Enc. 1)(Info)
 1-San Francisco (Enc. 1)(Info)
 1-WFO

JCC:smv
 (8)

ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED
 DATE 11/19/89 BY [redacted]

23 APR 27 1977

2 enclosures destroyed
 4/27/77 JJA/BJF

Approved: [Signature] Special Agent in Charge

Sent _____ M Per _____

55 MAY 24 1977

FBI(21-cv-5450)-1462

AX0619 1231901Z

PP HQ BA

DE AX

P 071822Z MAY 77

FM ALEXANDRIA [] (P)

TO DIRECTOR [] PRIORITY

BALTIMORE PRIORITY

BT

E F T O

[] FRANCIS EDWARD TERPIL, AKA; EDWIN PAUL

WILSON; [] OFFICE OF ORIGIN: ALEXANDRIA.

Assoc. Dir. _____
Dep. AD Adm. _____
Dep. AD Inv. _____
Asst. Dir. _____
Adm. Serv. _____
Ext. Affairs _____
Fin. & Pers. _____
Gen. Inv. _____
Ident. _____
Intell. _____
Legal Coun. _____
Plan. & Insp. _____
Rec. Mgt. _____
S. & T. Serv. _____
Spec. Inv. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

b3 -1
b7E -1

b3 -1
b6 -4
b7C -4
b7E -1

b6 -2
b7C -2
b7D -1

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 11/19/89 BY []

REC-26

EX-101

5 MAY 9 1977

55 MAY 8 1977

FBI(21-cv-5450)-1482

PAGE TWO E F T O

b3 -1
b7E -1

b6 -2
b7C -2
b7D -1

COPY OF WAYBILL BEING SENT BALTIMORE BY FACSIMILE.

BALTIMORE SUTEL RESULTS IN FORM SUITABLE FOR DISSEMINATION
AND FOLLOW BY LHM.

LEAD. BALTIMORE. AT BALTIMORE, MARYLAND. CONTACT
BNAFI AND OBTAIN FULL DETAILS ON REFERENCED SHIPMENT. DETERMINE
WHAT SIGNATURE WAS USED TO AUTHORIZE SHIPMENT AND OBTAIN COPY
OF CUSTOMER EXPORT LICENSE. DETERMINE IF WILSON OR TERPIL
UTILIZING ANY COMPANY NAME HAVE MADE PREVIOUS SHIPMENTS.

BT

#

UNITED STATES GOVERNMENT

Memorandum

TO : DIRECTOR, FBI [REDACTED]

DATE: 5/10/77

b3 -1
b6 -4
b7C -4
b7E -1

FROM : SAC, BALTIMORE [REDACTED] - RUC -

SUBJECT: [REDACTED]

FRANCIS EDWARD TERPIL, aka;
EDWIN HALL WILSON

OO: Alexandria

Re Alexandria teletype dated 5/3/77 and
Baltimore teletype dated 5/6/77.

Enclosed for FBIHQ are four copies of an
LHM entitled, [REDACTED] FRANCIS EDWARD
TERPIL, aka; EDWIN HALL WILSON, [REDACTED]

b3 -1
b6 -4
b7C -4
b7E -1

Enclosed for Alexandria are two copies of
LHM titled as above. Also enclosed for Alexandria
is one FD-302 reflecting interview of [REDACTED]

b6 -1, -3
b7C -1, -3
b7D -1

Enclosed for Washington Field Office for
information is one copy of LHM captioned as above.

On 5/6/77, [REDACTED]

[REDACTED]

REC-50 [REDACTED]

ST-118

- ④ - Bureau (Enclosure)
2 - Alexandria [REDACTED] (Enc. 6)
1 - Washington Field Office (Info) (Enc. 1)
1 - Baltimore

CEH:mjm

(8)

ALL INFORMATION
HEREIN IS UNCL
DATE 11/19/89

b3 -1, -2
b6 -1, -3
b7C -1, -3
b7D -1
b7E -1, -2

20 MAY 12 1977

57 191977

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan FBI(21-cv-5450)-1484

[redacted]

b3 -1
b7E -1

[redacted]

b7D -1

advised on 5/6/77 that [redacted]

b6 -3
b7C -3
b7D -1

[redacted]

On 5/6/77 [redacted]

advised that [redacted]

b6 -3
b7C -3
b7D -1

[redacted]

All leads are being left to the discretion of
the Alexandria Division.

2*



UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

In Reply, Please Refer to
File No. [redacted]

Baltimore, Maryland
May 10, 1977

b3 -1
b6 -4
b7C -4
b7E -1

[redacted]
FRANCIS EDWARD TERPIL, aka;
EDWIN HALL WILSON
[redacted]

During [redacted]
[redacted] Wash-
ington, D.C., alleged that [redacted] Francis E.
Terpil and Edwin P. Wilson had entered [redacted]
[redacted] Wilson
and Terpil also operate two additional Washington,
D.C. firms known as Intercontinental Technology,
Incorporated, and Consultants International, Incor-
porated.

b7D -1

b6 -3
b7C -3
b7D -1

b6 -2, -3
b7C -2, -3
b7D -1

b6 -3
b7C -3
b7D -1

b3 -1
b6 -1
b7C -1
b7E -1

57
"THIS DOCUMENT CONTAINS NEITHER RECOMMEN-
DATIONS NOR CONCLUSIONS OF THE FBI. IT
IS THE PROPERTY OF THE FBI AND IS LOANED
TO YOUR AGENCY; IT AND ITS CONTENTS ARE
NOT TO BE DISTRIBUTED OUTSIDE YOUR AGENCY..

FBI(21-cv-5450)-1486



ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 1/19/89 BY [redacted]

ENCLOSURES

[REDACTED]

b3 -1
b7E -1

[REDACTED] stated that

[REDACTED]

b6 -2, -3
b7C -2, -3
b7D -1

[REDACTED]

memorandum

DATE: 5/12/77

REPLY TO
ATTN:

SAC, LITTLE ROCK [] (P)

SUBJECT:

FRANCIS EDWARD TERPIL, aka;
EDWIN PAUL WILSON;

TO:

To: DIRECTOR, FBI []

Re Los Angeles letter to Bureau, 4/19/77.

On 5/9/77, []

Celesco Industries, Inc., Ordnance Division, Highland
Industrial Park, East Camden, Arkansas, advised SA [][] was currently on the west
coast on business and was not expected to return to the
area for at least two weeks.[] advised that []
Celesco operations at East Camden, Arkansas, and was
well acquainted with individuals who did business with
Celesco. He advised further that Celesco had not done
business with Consultants International, Intercontinental
Technology, Inc., Inter-Technology, Inc., or Stanford
Technology, Inc. and that the names []
EDWARD TERPIL, and EDWIN PAUL WILSON meant nothing to
him.[] advised further that []
was [] Celesco at East Camden,
Arkansas, and might be aware of any inquiries made by the
foregoing corporations and/or individuals about possible
business relations.

On 5/9/77, []

Celesco Industries, Inc., Ordnance Division, Highland
Industrial Park, East Camden, Arkansas, advised that a
review of her records failed to reflect any information
which was identifiable with Consultants International,
Intercontinental Technology, Inc., Inter-Technology, Inc.,
Stanford Technology, Inc., [] FRANCIS
EDWARD TERPIL or EDWIN PAUL WILSON.

- 2 - Bureau
- 2 - Alexandria []
- 1 - Los Angeles []
- 2 - Little Rock

DHK:cwb

(7)

ALL INFORMATION CONTAINED

HEREIN IS UNCLASSIFIED

DATE 1/19/89 BY []

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

FBI(21-cv-5450)-1488

 OPTIONAL FORM NO. 10
 (REV. 7-76)
 GSA FPMR (41 CFR) 101-11.6
 5010-112

 b3 -1
 b6 -4
 b7C -4
 b7E -1

 b6 -1, -2
 b7C -1, -2

 b6 -2, -4
 b7C -2, -4

 b6 -2
 b7C -2

 b6 -2, -4
 b7C -2, -4

 b3 -1
 b6 -1
 b7C -1
 b7E -1

 ST-126
 (Info)

REC-1

22 MAY 13 1977



5 MAY 23 1977

[REDACTED]

b3 -1
b7E -1

LEADS:

LITTLE ROCK DIVISION

AT EAST CAMDEN, ARKANSAS

Will contact [REDACTED]

b6 -2
b7C -2

[REDACTED] Celesco Industries, Ordnance Division, upon
his return to the area.

120022Z

RR HQ WF

DE AX

R 030022Z APR 77

FM ALEXANDRIA (P)

APR 29 10 54 PM '77

TO DIRECTOR (P) ROUTINE

WFO (P) INFO) ROUTINE

BT

E FST 0

RECEIVED
FEDERAL BUREAU
OF INVESTIGATION
COMMUNICATIONS SECTION

b3 -1
b6 -1
b7C -1
b7E -1

Assoc. Dir. _____
Dep. AD Adm. _____
Dep. AD Inv. _____
Asst. Dir.:
Adm. Serv. _____
Ext. Affairs _____
Fin. & Pers. _____
Gen. Inv. _____
Ident. _____
Intell. _____
Legal Coun. _____
Plan. & Insp. _____
Rec. Mgt. _____
S. & T. Serv. _____
Spec. Inv. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

FRANCIS EDWARD TERPIL, AKA; EDWIN PAUL WILSON,

OO: ALEXANDRIA.

ON 4/28/77 WAS REINTERVIEWED WHEREIN HE PROVIDED

THE FOLLOWING:

b3 -1
b6 -3
b7C -3
b7D -1
b7E -1

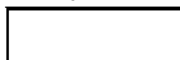
ROUTE IN ENVELOPE

57 MAY 19 1977

ALL INFORMATION
HEREIN IS UNCLAS
DATE 11/19/89 BY

FBI(21-cv-5450)-1490

PAGE 2 (-/



E F T O

b3 -1
b7E -1

b6 -2, -3
b7C -2, -3
b7D -1

BT

BA0002 1262133Z

PP HQ AX

DE BA

P 062116Z MAY 77

FM BALTIMORE [REDACTED] (P)

TO DIRECTOR [REDACTED] PRIORITY

TO ALEXANDRIA [REDACTED] PRIORITY

BT

EFTO

[REDACTED] FRANCIS EDWARD TERPIL, AKA; EDWIN HALL WILSON

[REDACTED] OO: ALEXANDRIA.

ON [REDACTED]

BALTIMORE, MARYLAND, ADVISED THAT [REDACTED] A WHITE MALE

WHO DID NOT IDENTIFY HIMSELF, [REDACTED]

[REDACTED] SIGNATURE OF INDIVIDUAL ON WAYBILL IS ILLEGIBLE. INDIVIDUAL

ALL INFORMATION CONTAINED
HEREIN IS UNCLAS
DATE 1/23/89 BY [REDACTED]

REC-16 [REDACTED]

54 MAY 27 1977

Assoc. Dir.	
Dep. AD Adm.	
Dep. AD Inv.	
Asst. Dir.:	
Adm. Serv.	
Crim. Inv.	
Fin. & Pers.	
Ident.	
Intell.	
Laboratory	
Legal Coun.	
Plan. & Insp.	
Rec. Mgnt.	
Spec. Inv.	
Tech. Servs.	
Training	
Public Affs. Off.	
Telephone Rm.	
Director's Sec'y	

b3 -1
b6 -4
b7C -4
b7E -1

FBI(21-cv-5450)-1500

PAGE TWO EFTO

b3 -1
b7E -1

b6 -3
b7C -3
b7D -1

ADMINISTRATIVE DATA: RE ALEXANDRIA TELETYPE TO BUREAU,
DATED MAY 3, 1977.

BALTIMORE WILL SUBMIT LHM AND ENCLOSURES BY SEPARATE
COMMUNICATION. INDICES NEGATIVE RE TERPIL. ONE REFERENCE
TO WILSON INVOLVING LEADS FROM WFO ON 58 CLASSIFICATION.

b6 -4
b7C -4

BT

#

CC - INTO (Redfield)

FBI(21-cv-5450)-1501

PAGE 21

CAIRO Z6191 131403Z

ACTION NEA-1Z

APR 13 10 01 AM 1977

INFO OCT-01 ISO-00 MCT-01

RECEIVED
FEDERAL BUREAU
OF INVESTIGATION
COMMUNICATIONS SECTION

PM-04 H-02

b3 -2
b7E -2

INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02

SS-15 USIA-15 FBIE-00 /068 W

-----131451Z 054501 /47

FEDERAL GOVERNMENT

R 131326Z APR -7

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 3823

INFO AMEMBASSY TRIPOLI

AMCONSUL ALEXANDRIA

UNCLAS CAIRO 6191

E.C. 11652: N/A

TAGS: PFOR PINT PINS LY US

SUEJ: WASHINGTON POST ON QADHAFI

REF: STATE 82482 (NOTAL)

CAIRO DAILY GUMHURIYYA APRIL 13 REPRINTS WITH RELISH WASHINGTON

POST ALLEGATION OF LIBYAN PLOT MURDER EXPATRIATE LIBYAN

(REFTEL). IN LEAD STORY, GUMHURIYYA PROVIDES NAME OF

PUTATIVE QADHAFI TARGET; I.E., ~~XOMAR MUHAYSHI~~.MAYHEWIS: 222
56 JUN 1 1977

FBI(21-cv-5450)-1502

1 - Mr. R. K. McHargue
1 - FOIA Section
1 - [redacted]

b3 -1
b6 -1, -4
b7C -1, -4
b7E -1

SAC, Miami [redacted]

5/4/77

Director, FBI [redacted]

FRANCIS EDWARD TERPIL;
EDWIN PAUL WILSON

ReMMairtel to Bureau, dated 4/21/77.

Referenced Miami airtel set forth information that [redacted] who had previously furnished information concerning subjects, may request copies of reports containing information furnished by him, under the Freedom of Information Act and Privacy Act.

b6 -3
b7C -3
b7D -1

Miami should insure that the Bureau is promptly notified of any request received by the Miami Office [redacted]

2 - Alexandria [redacted]

JFP:emc
(8)

ALL INFORMATION
HEREIN IS UNCLASSIFIED
DATE 1/23/89 BY [redacted]

b3 -1
b6 -1
b7C -1
b7E -1

NOTE:

Miami has advised that [redacted] who had been interviewed on subject matter, had advised that he may request copies of all reports containing information furnished by him under the Freedom of Information and Privacy Acts. [redacted]

b6 -3
b7C -3
b7D -1

Assoc. Dir. _____
Dep. AD Adm. _____
Dep. AD Inv. _____
Asst. Dir.: _____
Adm. Serv. _____
Ext. Affairs _____
Fin. & Pers. _____
Gen. Inv. _____
Ident. _____
Intell. _____
Legal Coun. _____
Plan. & Insp. _____
Rec. Mgt. _____
S. & T. Serv. _____
Spec. Inv. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

Miami is directed to promptly advise the Bureau should [redacted] make an FOIA request.

b3 -1
b6 -1
b7C -1
b7E -1

EX-108

REC-1

MAY 5 1977

MAIL ROOM ☒

TELETYPE UNIT ☐

FBI(21-cv-5450)-1508

The Washington Post

Wednesday, May 18, 1977

Francis Edgar Terpil

Pentagon to Abolish Secret Spy Unit

'The Simple Truth Is That Spies Are Too Hot to Handle'

By Bob Woodward

Washington Post Staff Writer

The Pentagon is abolishing its crack, super-secret intelligence unit called Task Force 157.

Successful, controversial and extremely secretive, Task Force 157 is the U.S. military's only network of undercover agents and spies operating abroad using commercial and business "cover" for their espionage.

Run by the U.S. Navy for seven years from the ninth floor of an Alexandria, Va., office building, the unit has recently controlled as many as 75 contract agents or "spies for hire" who monitor the key ports of the world, Soviet vessels and the shipment of nuclear weapons. The current commander of the unit is Navy Capt. Darryl A. DeMaris.

One informed government source last week discussed the reasons for

abolishing the unit: "The simple truth is that spies are too hot to handle... there were too many questionable business deals. They got the job done, but the potential for abuse was too great."

Pentagon and Central Intelligence Agency spokesmen declined comment yesterday, saying that all matters relating to Task Force 157 are still classified.

Other sources maintain that the decision to close the unit reflects a sense of caution that is being applied to all intelligence operations.

Task Force 157 has been involved in some of the most sensitive intelligence missions of the last decade. The unit's top secret communications channel, for example, was used to set up Henry A. Kissinger's secret 1971 visit to China.

The White House at the time con-

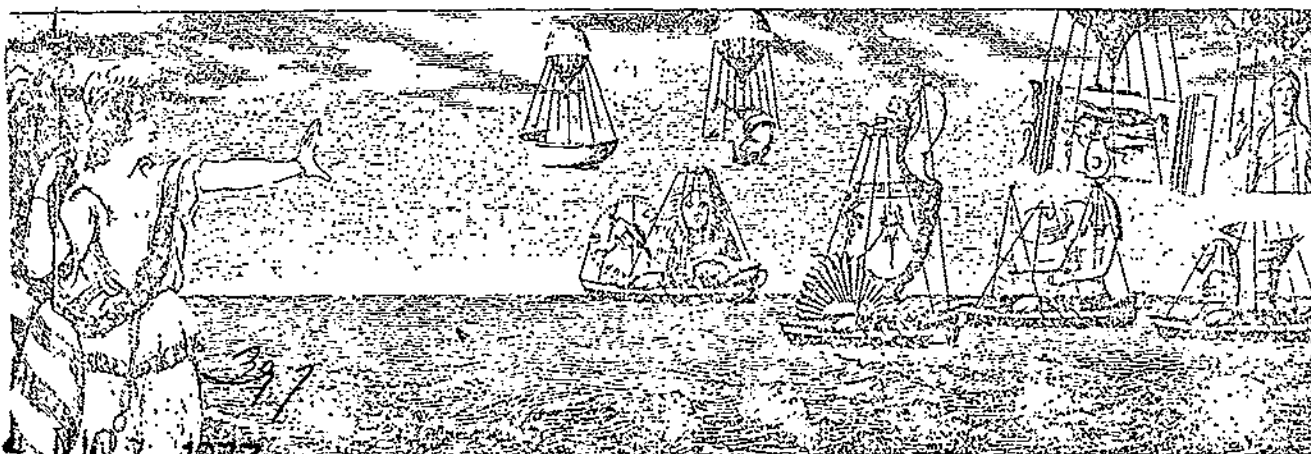
sidered it more secure from leaks than any such channels run by the CIA.

Former Chairman of the Joint Chiefs of Staff Admiral Thomas H. Moorer confirmed yesterday that he had recommended that Task Force 157 provide the communications channel for Kissinger.

Moorer was critical of the decision to abolish the unit, saying, "I think there have been requirements for this capability in the past and there will be cases in the future."

Task Force 157 was valued in the Pentagon because it was a small, independent intelligence unit that could cut through red tape with speed and secrecy. Some Pentagon officials maintain an important capability is

See INTELLIGENCE, A5, Col. 1



By Terry Dale—The Washington Post

ALL INFORMATION
HEREIN IS UNCLAS
DATE 11/23/89

b6 -1
b7C -1

DE-34

97-5427-1-

NOT RECORDED

MAY 27 1977

FBI(21-cv-5450)-1509

Pentagon to Abolish Crack, Super-Secret Intelligence Unit

INTELLIGENCE, From A1

being lost not just to the Navy but to the entire intelligence community.

Following the congressional intelligence investigations, Pentagon officials, however, found they lacked the means to fully control the agents working for the small companies, or "cover" firms, called "proprietaries."

Sources said that numerous "cozy relationships" were discovered between the contract employees and firms selling equipment and supplies to Task Force 157.

The final decision to eliminate Task Force 157 was made last year and was ratified again this year in the Carter administration.

All operations are to cease or be transferred to the CIA or other intelligence agencies by Sept. 30 of this year, the sources said.

The cover for the task force is the Naval Administrative Services Command and Pierce Morgan Associates Inc., which operates as an international maritime consulting firm.

Both have offices on the ninth floor of the Seminary Plaza Professional Building, 4600 Kenmore Ave., Alexandria, Va.

One of Task Force 157's highly classified assignments has been on occasion to monitor nuclear weapons shipments aboard Soviet and other vessels as they pass through strategic shipping lane "choke points," or narrow passages, such as the Strait of Gibraltar.

The unit was involved in drawing up a report in 1973 saying the Soviets had shipped nuclear weapons into Egypt during the October Arab-Israeli war. That classified report leaked to the news media at the time.

Other Task Force 157 projects have included the assessment of Soviet weapons capabilities for the Strategic Arms Limitation Talks (SALT), communications monitoring, and intelligence gathering for recovery of downed airplanes and sunken ships.

Task Force 157 also has been involved in recruiting foreign espionage agents and infiltrating international maritime unions, the sources said.

The Task Force has had 75 contract employees doing undercover work

other intelligence agencies. The unit also employs 75 military and civilian workers in Alexandria, all of whom will be transferred to other intelligence jobs.

The total operating cost for the unit has been about \$5 million a year.

One contract employee for Task Force 157 from 1971-76 was Edwin P. Wilson, an ex-CIA agent. Wilson is currently under investigation by the Justice Department for allegedly selling explosive devices and related ma-

terial to the Libyan government. In addition, federal authorities are trying to determine if detonating devices made for Wilson were used in last year's bombing murder of former Chilean Ambassador Orlando Letelier.

Wilson has denied any wrongdoing.

In 1975 Wilson approached the Director of Naval Intelligence, then Rear Adm. Bobby R. Inman, with an offer to set up a counterpart to Task Force 157.

In the words of one Pentagon official,

Wilson "wanted a bag of money to set up another Task Force 157 that would do the things" that have been criticized by congressional investigators of the intelligence community.

Inman then began an inquiry into Task Force 157 operations.

One informed government source said: "Wilson had connections to the Hill which he mentioned and to retired generals and admirals... there is a whole string of consulting firms on K Street, selling, making proposals

and deals... you did not know exactly what you were getting."

The Inman investigation of Task Force 157 discovered the connections between Task Force 157 contract employees and the firms which supplied material and equipment to the operation.

As part of his duties for Task Force 157, Wilson sold a ship to Iran for about \$350,000 supposedly for scientific purposes. In fact, it was an intelligence-gathering ship.

Inman did not discover that Wilson or anyone else profited improperly from their Task Force 157 work.

It was a loose way of doing business, Inman concluded, according to sources, and he decided to abolish the unit. Deputy Secretary of Defense Robert Ellsworth approved the decision in February, 1976, according to a classified memo.

Ben Weiser also contributed to this story.

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ Airtel

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ E F T O
☐ CLEAR

Date 5/19/77

Assoc. Dir. _____
 Dep. AD Adm. _____
 Dep. AD Inv. _____
 Asst. Dir.: _____
 Adm. Serv. _____
 Crim. Inv. _____
 Fin. & Pers. _____
 Ident. _____
 Intell. 11/11 _____
 Laboratory _____
 Legal Coun. _____
 Plan. & Insp. _____
 Rec. Mgnt. _____
 Spec. Inv. _____
 Tech. Servs. _____
 Training _____
 Public Affs. Off. _____
 Telephone Rm. _____
 Director's Sec'y _____

TO: DIRECTOR, FBI [REDACTED]
 FROM: SAC, ALEXANDRIA [REDACTED] (P)

[REDACTED]
 FRANCIS EDWARD TERPIL, aka;
 EDWIN PAUL WILSON
 [REDACTED]

(00:AX)

b3 -1
 b6 -1
 b7C -1
 b7E -1

Re Baltimore letter and LHM to the Bureau, 5/10/77.

Enclosed for Baltimore is one photograph each of
 FRANCIS EDWARD TERPIL and EDWIN PAUL WILSON.

LEAD:BALTIMORE

AT BALTIMORE, MARYLAND. Will display enclosed
 photographs to [REDACTED]
 [REDACTED] for possible identification
 of individual shipping [REDACTED]

b3 -3
 b7C -3
 b7D -1

ST-112

REC-50

② - Bureau
 2 - Baltimore [REDACTED] (Enc. 2)
 2 - Alexandria
 WBH:kra
 (6)

b3 -1
 b6 -1
 b7C -1
 b7E -1

ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED
 DATE 1/23/89 BY [REDACTED]

Approved: [Signature] 5/23/77

Transmitted _____ (Number) _____ (Time)

Per _____

FBI(21-cv-5450)-1519